carolina planning

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Development Strategies for Urban Economies

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carolina planning

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editor's note

Struggling. Muddling. The planners push on. A new age looms on the horizon. We cannot fall behind. It is our mission to meet change; to move change. With this issue, *carolina planning* has taken its first step to change the appearance and organization of the journal. In the process, there has been a great deal of struggling and muddling. Dreams of grandeur have been modified. . . some would say compromised. Regardless, we are excited by the results.

As a professional journal, *carolina planning* required a professional appearance. The results of the 1984 Reader's Survey underscored the importance of a quality product. The improvements and changes which are most immediately evident in the layout and typesetting involved considerable time and expense. We are indebted to Michael Stegman, Chairperson of the Department of City and Regional Planning, for his generous staffing support for the 1984-85 academic year. Friends of *carolina planning* provided financial assistance for typesetting. The support and encouragement of department faculty and students were, of course, vitally important to the journal's production.

In this issue, we have tried to present an economic development theme within the context of other community development concerns. An analysis of mobile home zoning policies, solar access rights and the displacement effects of historic preservation are integrated with articles on employment development, strategic planning and arts planning. An interview with Robert Mier, Director of the Economic Development Commission of Chicago, and a commentary by Emil Malizia, associate professor of economic development planning, have been included to inspire the flames of the economic development policy debate. We encourage the sparks which you may provide for the fire we have begun.

If *carolina planning* is to adequately and responsibly serve the needs of its readers, the technical and political issues of public planning and private development must be clearly presented and dramatically posed. We hope that you find this issue an appropriate beginning for *carolina planning's* continued travels.

Ted Olin Harrison
Editor

carolina planning welcomes comments and suggestions on the articles published and will be happy to accept new material for future editions from interested persons. Such material should be submitted to the Editor type-written, double spaced, and not to exceed fifteen pages length.

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In the Works

Hazard Mitigation Planning

Tim Beatley

1984 Land Use Congress Summary of Proceedings

Laura Bachle and Stacey Ponticello

Hazard Mitigation Planning

This Fall, North Carolina was spared the full force of Hurricane Diana. Diana's merciful outcome saved the state's coastal properties from catastrophic damage. While the extent of this hurricane's effect was less than originally expected, its landfall dramatized the need to plan for natural hazards and prepare coastal policies which will minimize their future impacts.

Current research at the University of North Carolina's Center for Urban and Regional Studies is focusing on the mitigation of hurricane and coastal storm damages. A grant from the National Science Foundation supports this research. The study will examine the use of pre-disaster and post-disaster reconstruction development management programs and policies as a basis for reducing hurricane-inflicted property damage and loss of life.

Development management is defined by the researchers as public programs and policies which directly or indirectly influence the location, density, type, quality and timing of urban development. The research will survey the types of development management programs currently employed by localities and states; it will assess their effectiveness in reducing storm damages; and it will attempt to correlate the responsiveness and capacity of such programs with their respective administrative organizations.

In the first year of study, the project involved a number of information gathering activities. An extensive review of the existing literature and ongoing research in hurricane behavior was made; telephone interviews with relevant state and federal agencies were conducted; and a mail survey of four hundred hurricane-prone communities in eighteen Gulf and Atlantic Coast states was administered. The mail survey asked local communities to describe the importance of the storm hazard mitigation efforts in their communities; the specific types of programs and strategies currently in use; and the perceived effectiveness of these local measures. The questionnaire also identified sources of political opposition, problems in implementation, and community attributes which might affect the program's operation and its effectiveness (e.g., population, extent of hazard area, building activity). A preliminary analysis of the survey data provided some interesting results. For instance, the hurricane hazard is considered to be of relatively high importance when compared with other local issues. This high regard for hurricane mitigation contrasts with the relatively low importance scores derived from earlier studies. Preliminary findings also suggest that a majority of hazard-prone communities have adopted an explicit storm hazard reduction plan.

The second year of research will be directed to an analysis of hurricane case studies. These community specific studies will offer more specific information than the questionnaire allowed. Two types of case studies are in progress: 1) follow-up mail and phone surveys of communities identified

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Hurricane Diana's impact on North Carolina beach-front properties.

in the original questionnaire; and 2) a detailed analysis of hazard-prone communities involving site visits and interviews with key community actors responsible or affected by hurricane policy. On-site studies for the following communities have already begun: Gulfshores, Alabama (Hurricane Frederick); Biloxi/Gulfport, Mississippi (Hurricane Camile); Galveston, Texas (Hurricane Alicia); Sanibel Island, Florida; and Long Island, New York.

North Carolina areas are also being considered for review. Within the state, primary attention will be given to communities with storm hazard mitigation and reconstruction plans. Researchers will, furthermore, attempt to assess Hurricane Diana's impact on public opinion regarding hurricane threat and perceived needs for hurricane mitigation policy.

The case studies and survey analysis should improve the planning profession's understanding and appreciation for local development management strategies. It will also shed light on the political, economic, and geographical issues important to the adoption and implementation of hazards mitigation programs. The case studies will be completed in April of 1985 and the overall findings of the research will be available that summer. The principal result of this study will be the publication of a guidebook for hazards management. The book will summarize current development management options and storm mitigation strategies available to local communities. It will also describe the process of preparing and implementing such programs.

Investigators for this research include David Brower, David Godschalk, Jane Hegenbarth and Tim Beatley. For more information regarding this project, call (919) 962-3074.

1984 Land Use Congress A Summary of Proceedings

On October 18, 1984, the Land Use Congress' annual conference addressed the topic of changing land uses in North Carolina. Entitled "Urban-Rural Development: What's Happening in North Carolina? What Do We Think About It?", the conference featured four debates in which guest speakers were asked to argue the merits/problems associated with the continued growth and changing land use in North Carolina.

Fiscal Debate

At issue in the fiscal policy debate was whether governmental finances could stand any more development in the countryside. Raleigh Councilperson Mariam Block argued that urban sprawl is the root cause of high taxes and low returns and hence should be minimized. To illustrate the negative fiscal impact of urban sprawl, she related the story of "Fred Farmer."

Block described her fictionalized character as a person who "is only a farmer at heart. Fred works in the city, but has just bought a great little 2½ acre

place in the country, just 2 miles outside the city." As these types of areas become increasingly populated, the city is obligated to extend costly sewer lines and other public services to them. These new public services must be financed by raising county taxes—and that affects everyone.

The brunt of this tax then falls on "Sam," the city dweller who must subsidize these services that will never benefit him. Meanwhile, the city tax base is diminishing due to the flight of urban retailers out of the city. Not only do urban areas experience negative fiscal impact of poor and reduced quality for economic development are already in place in urban areas.

Future considerations of various development options should be framed in the following way, according to Chapman: "Do we want to redevelop and strengthen our core areas or do we want to continue subsidizing rural economic development?" Chapman concluded with his own view, "What we need in our future is stronger, healthier cities. If we do not have strong cities, we won't have healthy rural areas."

Chapman's opponent, Durham businessman James Hawkins, stressed the futility of any attempt

public services, but the exit of businesses from central areas creates empty downtowns and inevitable slums.

Environmental activist Louis Jones also spoke on this issue, but he focused his presentation on the ways to prevent sprawl. Jones advocated a statewide, resource land-use management plan. Although such a plan is an expensive undertaking in the short-run, it is cost-efficient in the long-run. An investment in land use plans is a worthwhile, necessary state government project, because "the loss of good land is irreversible."

Economic Development Debate

Whether our economy requires further growth, and whether much of that growth should be in the countryside were the central issues of the debate on economic development policy. George Chapman, director of planning in Raleigh, strongly disagreed with the notion that more growth should occur in the countryside. Chapman opened by noting that "Economic development is an oxymoron" (a self-contradictory pair of words). He cited the Research Triangle Park as an area that has stimulated the area's economy, but eliminated development opportunities in already urbanized areas. Locating firms in remote, rural areas such as the Park is nonsensical and costly. All the public investments necessary to control development outside the cities. If access to an area is denied around a particular city, those people interested in moving outside of the city will simply move to another such area; they will not remain in an area that they perceive to be less than desirable.

Secondly, Hawkins contended that North Carolina's inadequate housing supply for moderate income people makes real estate development beyond the urban fringe in the countryside a necessity. For most people, building and/or owning housing within city limits is not feasible as a result of prohibitive real estate costs. The only way to expand the affordable housing stock is by developing housing in rural areas.

Environmental Policy

Wallace Kaufman, a Chatham County real estate broker, and widely known environmentalist, argued the pro side of the environmental policy debate: the environment will be substantially harmed by further urban-type development in the countryside. His pro stance had an unusual slant, however. Using sarcasm to express his support for the pro environmental position, Kaufman explained, "Development" by definition, "automatically means damage to the environment." Hence, "no development can enhance the environment."

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Forum

Street Bargaining

The Politics of Chicago Planning

Joe Zehnder

As part of a semester-long colloquium on industrial development policy, the Department of City and Regional Planning at the University of North Carolina at Chapel Hill invited agency directors and academicians from around the country to describe their experiences and perceptions of economic development planning. Robert Mier, director of the Chicago Economic Development Commission, visited Chapel Hill in April 1984. He spoke with carolina planning *after his presentation to the department. His comments offer a frank and insightful appraisal of the constraints and demands of economic development planning in Chicago. The strategies and conclusions he describes are relevant for small town planners as well as metropolitan planners. Admittedly, Chicago is an extreme example of the politics of economic development, but it is an example which encourages less developed communities to approach economic development openly and aggressively.*

Joe Zehnder is a Master's candidate in the Department of City and Regional Planning at the University of North Carolina in Chapel Hill.

You have described your approach to economic development as strategic. What information does your department use to characterize and monitor the Chicago economy and how do you use that information in the design and implementation of strategies?

Mier: We use very little information from city monitors. We probably ought to use more. I think that for an awful lot of what we do, not much new information is needed. Besides, I don't think it is possible to design an information-based monitoring system that is going to be timely enough to deal with buy-out opportunities, for example. We are certainly interested in getting a handle on sectoral trends, but I don't think that these trends change so rapidly that an information monitoring system, a data-driven one, is going to make all that much difference. What we need is to be tied more strongly into information networks, formal or informal, (with) people who are savvy about what's going on. If there is someone in an investment house whose job it is to monitor Beatrice Foods and he gets wind that Beatrice is going to divest thirty subsidiaries, then, because it is his job to get that information and tip off his clients, he will also tip us off that there are a bunch of subsidiaries out there that may be ripe fodder. You don't get that out of a data driven information system and yet that is the sort of information you need. I don't place much stock on building a system to systematically gather economic performance information.

information networks

We are trying to be systematic in different ways. We have a field staff that goes around and calls on businesses to provide them with some leads on the types of businesses and types of situations to look for. If they are walking down the street and they have a choice of calling on business type "A" and a business type "B" and the day is ending, they ought to know that business type "A" is part of a category that might be a better target for them. So, go see "A." We are trying to get them to be more systematic in the questions they ask. In asking those questions, we want to get employment patterns, know where people are coming from, skill levels, things like that. Then (we) keep that data on a computerized information system so that we have ready access to the particular types of businesses we've called on. We have called on "x" number of this type and we seem to be getting "z" kinds of patterns. We are going to expand this effort but it is really only a marginal by-product of a process that is going on anyway. It is not designed to gather information. We don't want to invest a lot of money into developing an information system as an end in itself.

One of the issues you faced in your appointment hearings was the trade-off between efforts to create jobs and efforts to protect the eroding property tax base. You were accused of being a "jobs man."

Mier: I pleaded guilty. Well, I didn't quite. I said, "You boys have got to be careful about the tax base, etc., etc. That is like mom and apple pie." The fact of the matter is that the whole issue is code for urban

Chicago Skyline, Looking Northwest Dick Paul

politics. It is much more general than Chicago. There has emerged in most cities, and I would imagine that this is a characteristic of even smaller towns, a very close relationship between what you might call the propertied interests—the real estate community, community property owners, and the financial community that earns money off of real estate type lending. Very often local government is most responsive to the propertied interests. When you talk about the control of local government, there is a rich literature on this relationship. *That* (propertied interests) is the group that is most threatened by a new day dawning in Mayor Washington's administration. They were the old guard. The code for how their interests get defended is this tax base issue. Obviously, if you are gearing everything towards tax base, then you are investing resources in property; you are maximizing their interests. As soon as you step away from that, you are a threat.

There are lots of reasons to step away from it. I think it was a characteristic of development over particular periods in the last few decades where the land problem was a major constraint on development. It occurred when industry went from vertical to horizontal. Then the same thing happened in retailing. When that occurred, the organization of production and the organization of retailing became space extensive. Then there was a real space problem. Therefore, in order for cities to be effective in promoting development, they had to address that land constraint problem. It was natural and effective for them to develop those tools. It still is effective in some situations. I think one characteristic of new technology, which first appeared in manufacturing, next in the service sector, and lastly in the retailing sector, is that it is not space extensive. I think we are beginning to see a space contraction and, therefore, the space constraint becomes less serious for Chicago. Other constraints become serious. The capital equipment constraint, for example, is a much more serious concern. To be more effective, if we want to really deal with the problem, we have to deal with something different than what we have dealt with before. This is really threatening to those actors who profited from the previous situation.

Another issue you raised during your appointment hearings was that you were going to treat the city as an investor and try to get investor's rights in the projects you assisted. It sounded as if it was a legal problem. Have you been successful in this strategy?

Mier: It was sort of a funny political issue. Part of the rationale for arguing that development could work more effectively if it moved outside of city government was that an independent entity could do what the city could not do. An independent entity could take an equity stake in the development; to wit, the Philadelphia Industrial Development Corporation. That is the way the logic went. The Philadelphia Industrial Development Corporation was argued to be more effective than the established bureaucracy. My response was that Philadelphia had to do that because, by Pennsylvania state law, the City of Philadelphia could not take an equity stake in a development. So they had to create an entity that could. For the City of Chicago, Illinois state law does not have these restrictions. Therefore, we can become an equity investor in a development, and if that's what it takes to be more effective, let's do it.

city as equity investor

It is not a structural question. It is not the organization you set up. It is a *mechanical* question. You have to set up the mechanics to be able to do something. That was the whole issue when we did it for the first time; we took a preferred stock position in a small community-owned business venture. A community organization with a mix of philanthropic

Peter Schulz

Michigan Avenue, downtown Chicago

and regular debt capital developed an automobile repair center in a very poor West Side area. When it got down to the end, they had an equity gap. They needed to come up with a little more equity and we took a preferred stock position. We see ourselves increasingly taking either near equity or subordinated equity positions. We do not want to have a control equity position in anything. In fact, we are developing an equity venture fund that will enable us to deal with precisely that sort of situation in more venture developments. Often times venture capitalists, even though they are coming in with an equity position, require rates of return so great that the entrepreneur is faced with giving up control in order to guarantee the rate of return and bring in the venture capital. The way to avoid that is to have another equity investor add-on or top-off the venture in a subordinated position. This will allow the entrepreneur to keep control while still encouraging the flow of venture capital.

private developers

You mentioned the importance of the environment as a determinant of planning role. How has your understanding of that environment changed during your tenure with the economic development commission?

Mier: One of the interesting discoveries I made involved the means by which private developers try to hook government into big projects. I kept running into this experience and so did my peers: the commissioner of planning and the commissioner of housing, particularly. We spent a lot of time sharing our experiences. We had witnessed developers come in with grandiose plans for development projects, area developments, a "vision" and all that sort of stuff. They would sit there and wait for us to say, "Great, let's go with it." Instead we would say, "Put your money where your mouth is." We encountered this repeatedly. We would say, "Where's your money?" and they would be frustrated because, obviously, what they were trying to do was to get the city's commitment on the table first. I began to ask myself, "Why is this so important to get the city commitment on the table first? What does it mean to the development when that commitment, as a proportion of total development costs, may amount to only one percent? Is it really necessary to have public money? For us, it's a big investment. For the development project, it may be meaningless. Why did they need it so much? Why didn't they just go on without us?" Well, I found out what was happening—what I suspect was happening. By getting the city to put up the money, the developer then can turn around and broker the private financing. He is brokering security for the lender: "You don't have to worry about getting any shit from the city. They have their money on the table so you know they're not going to hold you up. They're going to go with it. They want it." What was being bought away was a mixture of the public inefficiencies and the public corruption. That's a perspective I never had before. I sort of always knew that those dimensions were important. I just never saw the exact linkage between them and the development program. It starts from the day you enter into the initial discussion with a developer. It also tells me how important it is to get what you might call "public constituencies" into the process as early as possible. During these initial discussions, public constituencies have a chance to shape and grab a piece of the development.

How do you see incorporating these constituencies into the deal-making process?

Mier: Well, it depends on the nature of the deal. As a rule, we hold public hearings on development agreements. That was never done on *big* development agreements before. On small ones, we don't necessarily hold public hearings. We find other ways to touch base with the affected constituencies. This has got developers scared, but we figure that anything "public" should be public knowledge. They've got nothing to hide.

Another way is linked development. That is a very important vehicle defining a whole bunch of ways in which there is a public payoff from development. (It) becomes a basis for public discussion

of the development and a basis for evaluation of whether or not they want it. We have tried three or four methods of public involvement ranging from the public hearing to very structured public discussions where key informants are invited. The latter method involves "focused discussions" which are open to the public. We invite twenty people but the door is open. Anybody who walks in can participate. We are trying to marry developers and community groups – steer people together and encourage them to forge alliances and negotiate or whatever.

We are working on all fronts. We have two big budget cycles each year: the annual city corporate budget and the federal community development budget. We're running these as openly as possible. We held a very structured but wide open public meeting on budget *policy*, which was unheard of, as opposed to public meetings of coming in and laying out claims. We held public meetings (as well) because everyone wants to throw their project on the table. We held the *big* meeting on budget policy to really open up the process by which tradeoffs are made between goals and programs. This is the thing that determines how much money is available for particular types of projects. We're working to keep things open.

Finally, is the emphasis on negotiation in planning practice and education a result of cutbacks on the resources available to cities?

Mier: I think it is important for a variety of reasons. First of all, this is the first time I have really talked about it and labelled it negotiation. I am not sure that "negotiation" is the best word to use. For one thing, that word brings with it a lot of other connotations like the "Negotiated Investment Experiments" and I don't know if I am talking the same thing. What I am lumping into negotiation is a combination of being able to bargain, to sit down, to assess your position vis a vis mine and mine vis a vis yours so that we can bargain hard. That is one dimension of it. Another dimension is the opening up of the process so that you can bring others, interested actors, to the table so that there is a dialogue component to the development of goals and objectives. I am lumping both of these things together. I don't know if they are. There are a variety of skills associated with bargaining and facilitating so it may be somewhat confusing to use that term. But, I think there are some commonalities to them that I am trying to get at which is to really pull planning off the drafting board, away from the computer, and make it more useful.

I have a good example of the drafting board contrast between the two. The city, through the Economic Development Commission, has a facade improvement program which underwrites some of the cost of merchants' fixing up their store facades. Because this is available, a number of local Chambers of Commerce and businessmen's groups have promoted the facade improvement program on their strips. The normal way it happens is like this: they go get an architect or a designer to do a couple of renderings and some conceptual alternatives. They will stand up there, hold them up and people choose. There is a lot of discussion, but people choose.

linked development

Rerouting of Lake Shore Drive, Chicago Peter Schulz

We did an experiment in the Center that worked very well. We said, "Now, wait a minute. The idea is not to bring out and sell. The idea is to take as your point of departure the people in your neighborhood. The building owners have a lot to contribute to the process as well. The design is not the privileged purview of the technical expert." So, we set up the situation where we got a group of planners who were familiar with the neighborhood, just a couple of them, who basically went around and talked to the merchants and built up the interest.

They structured a decision-making process. We had an architecture student in his first year of architecture who could basically draw straight lines. We photographed a series of storefronts. Then we got a couple of slide projectors with a fade-out control on them. We just put paper up on the wall and we got the merchants in there. We projected on the wall. "Here's your storefront and here's your neighbor's side by side." The two of them were sitting there. The architect went up and sketched in the raw outline and we faded it out, back in, back out. "So what do you want to do with it?" They said that it would

bargaining and facilitating

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Sunshine Laws

Legal Rights to Solar Access

Task Force on Solar Law

The North Carolina Energy Policy Act of 1975 created the Energy Policy Council to advise the Governor and the General Assembly on matters of energy policy. In 1981, the Council recommended to the Governor that he name a Task Force on Solar Law to determine the nature of the legal and institutional barriers to the full development of solar energy in North Carolina. In April 1982, the Governor appointed a task force of twelve regular members and nine advisory members selected from agencies and institutions of state government. The final report of the task force was published in January 1984. It includes recommendations dealing with electric utilities, financing solar energy development, and solar access. The task force's findings and recommendations regarding solar access are presented in the following article.

The principal authors of the Task Force Report are Raymond Burby, Assistant Director of the Center for Urban and Regional Studies; Richard Ducker, Chairperson of the Task Force — Committee on Solar Access and Land Use Planning — and Assistant Director of the Institute of Government; Bruce Johnson, Principal of Innovative Design, Inc; and Thomas Pollard, City Attorney in Wilmington, North Carolina.

solar access preservation

The use of solar energy for water and space heating is increasing rapidly in North Carolina. With over 3000 passive solar homes, 2000 domestic solar water-heating systems and 300 active solar space-heating systems now in place, preserving solar access promises to be an issue of great importance for local land use planning.

Increasing the development and use of solar energy systems requires legal assurance of adequate sunlight. Solar energy systems must be exposed to direct sunlight to function well. However, access to the sun is easily blocked by shadowing from neighboring buildings and vegetation. Both the position of the sun and the topography affect the length and direction of shadows and, thereby, the amount of sunlight which reaches the solar collectors.

North Carolina law does not recognize rights to direct sunlight when light is blocked by vegetation or structures on others' property. As a result, potential solar users cannot be guaranteed that their systems will continue to function efficiently or prove a viable, long-term investment. Systems may be rendered inoperable by the actions of others beyond their control. This article offers several remedies for this problem. They include new legislation to allow solar access protection through private covenants and easements, local government maintenance of street trees and other publicly controlled property, and local building and land use regulation.

shadow directions and lengths

FUNDAMENTAL CONCEPTS

An understanding of certain fundamental concepts related to solar access is required to appreciate the need for solar rights guarantees.

The position of the sun in the sky changes daily and seasonally due to the earth's rotation and its revolution around the sun. This changing position has an effect on the amount of available radiation and the angle at which the sun strikes the earth's surface. This information is critical in siting solar collectors. Shadows cast by nearby vegetation or structures must be carefully measured to insure maximum effectiveness of the collectors. Topography also affects the amount and angle of the sun's radiation on the collectors. As the direction and degree of the land's slope change, so does the angle at which the sun strikes the land.

While the position of the sun and topography determine shadow directions and lengths, it is the shadows themselves that are vital to solar access. The length of a shadow cast on a solar collector depends upon the altitude of the sun, the slope of the ground in the direction of the shadow and the height of the object (structure or vegetation) casting a shadow. The lower the altitude of the sun, the longer the shadow; the higher the vegetation or structure, the longer the shadow. The altitude of the sun at different seasons should be taken into account as a fixed parameter when siting and designing solar energy systems.

Shadows from buildings and vegetation should be carefully considered in the site design of solar collectors. Currently, in North Carolina, solar energy users cannot design their systems to take account of future shadows or obstructions which may interfere with their energy systems. Building height restrictions are the only established means of protecting

solar access. In this article, a number of legal tools are offered to assist the use and growth of solar technology in the state. It is hoped that these techniques and strategies will provide communities throughout North Carolina with a strong basis for instituting solar access legislation.

LEGAL APPROACHES TO PROTECTING SOLAR ACCESS

In the Governor's Task Force Report, nine criteria were used to evaluate the viability of solar access strategies. These included:

(1) *Protection of appropriate amounts of solar access.* Solar access laws should allow factors such as topography, height, bulk, and location of structures and vegetation, climate, and orientation of streets and structures to be taken into account so that neither too little nor too much access is obtained.

(2) *Clear and fair allocation of costs and benefits.* An access law should not result in unfair gains or losses to individuals or governments through removing or pruning vegetation blocking solar access. Costs of administration should be kept low. Solar access should be available to all building occupants regardless of size or ownership.

(3) *Compatibility with other policies and laws and with actual conditions in the physical environment.* Solar access provisions should be compatible with existing laws, regulations, land use patterns, and local development plans. In addition, solar access protection should recognize variation in actual physical conditions such as topography. Access regulations should not conflict unduly with other goals such as growth in the real property tax base and the desire of people to live in affordable housing.

(4) *Adequate notice.* A solar access law should be clear and concise. Solar access is inherently complex. To fully consider the implications and ramifications of solar law, public notice requirements should be established to insure maximum public input.

(5) *Political acceptability.* Solar access laws must be sensitive to the concerns of the citizenry. In particular, solar access laws should allow recognition of preferences for attractive, tree-shaded neighborhoods. People should not feel that their traditional rights are being violated. political sensitivity

(6) *Flexibility.* Laws adopted to protect solar access should be adaptable to changing societal needs and to changes in solar technology. They should be subject to modification or termination when they are no longer in the public interest. For example, solar access laws should not freeze nor lock in a particular pattern of urban development. In addition, local governments should have the discretion to adapt solar protection techniques and standards to fit their own needs. local adaptability

(7) *Compensation for lost access protection.* Because solar energy systems require a sizeable investment, individuals need some security that they will not suffer financial losses if solar access protection is removed and shading occurs.

(8) *Ease of implementation and timeliness.* Implementation of an access law should be possible with existing agencies and institutions; it should not require the formation of new agencies or large increases in administrative staff. New legislation to protect solar access should be suitable for immediate implementation. Solar access laws should clearly define rights and duties so as to minimize future disputes.

(9) *Protection of future access.* Solar access laws should make it possible for communities to safeguard future solar access by prohibiting present actions, such as planting trees on north lot lines, which will adversely affect solar access in the future.

It is unlikely that any single means of solar access protection will comply with all of these criteria. Instead, these goals provide a base from which to compare alternative solar design strategies. Appropriate and feasible alternatives provide a context for meaningful public debate and, ideally, a foundation for secure solar protection standards.

Prior Appropriation

The New Mexico Solar Rights Act of 1977 uses the western United States doctrines of "beneficial use" and "prior appropriation" to govern solar property rights. The prior appropriation doctrine is rooted in the principle of "first in time is first in right". As applied to water rights, a person obtains a vested right to use a particular amount of water by diverting it from a navigable watercourse and applying it to a beneficial purpose within a reasonable amount of time. The user then has a right to continue to divert that amount of water; this precludes upstream users from consuming so much water that the prior appropriation cannot be filled. The New Mexico law applies this doctrine to solar energy. It states that solar energy is a property right which may be recorded and transferred and that this right is protected by the prior appropriation doctrine.

solar energy as a property right

Solar Collector Recordation

The Environmental Law Institute has proposed an approach—involving the recordation of solar collectors—which is not rooted in water law. With this method of protection, people seeking solar energy protection would apply for permission to record their collector with the local government. If permission were granted after a public hearing, the law would protect the collector from unreasonable shading. The city or town could not issue development permits which would result in the shading of the protected collector and, after the recordation, neighbors would have to keep vegetation from obscuring the solar access (in the case of preexisting vegetation, the solar owner would have to reimburse the neighbor for the cost of keeping the vegetation trimmed). In the model legislation proposed by the Environmental Law Institute, a city or town could repurchase the rights granted by solar collector recordation if it decided to allow development that would shade a protected collector.

Solar collector recordation has two shortcomings. First, it is very difficult to integrate with local comprehensive planning. The first-come-first-served nature of the approach means development patterns are determined arbitrarily, with the first person to establish a solar right limiting the development potential of surrounding property. Second, the approach places a heavy burden on local government, which must establish a system for keeping track of solar rights and must review every building and development permit in terms of its potential to infringe on the solar rights granted to neighboring property.

Public Nuisance Law

The public nuisance law approach to protecting solar access is direct and simple. Most states have provisions for the abatement of public nuisances which have been variously defined to include acts ranging from prostitution to allowing ragweed plants to grow on one's property. Given the wide range of public benefits the courts have held to be within the police power of the state, there is little doubt that North Carolina could protect solar access by declaring the shading of a solar collector to be a public nuisance. Nevertheless, this approach also has shortcomings. They are severe enough to suggest that the use of public nuisance law to protect solar access would create more problems than it would solve. For example:

(1) Lawsuits would be necessary in each individual case to prove the existence of a nuisance.
(2) There would be no security for collector owners until after they install a collector and win a nuisance suit; if one sues before installing a collector, the suit would be dismissed as not "ripe."
(3) Since a public nuisance is a crime, the state, rather than an aggrieved property owner, is typically the plaintiff. Therefore, a homeowner may have to wait for the state to sue.
(4) There is no provision for compensation of owners of restricted property, even though their loss may in some circumstances be greater than the gain achieved by the owners of protected solar collectors.

Eminent Domain

"Eminent domain" is defined as the taking of private property for a public use without the owner's consent. The state has this right and local governments may be granted such a right. Under this option, the neighboring landowner's skyspace would be condemned by the authority to provide access to an adjoining solar system; no vegetation nor structures could be placed in this area. The major problem with this option is whether solar access could be so strictly defined as a "public purpose" warranting such drastic action. Setting a price for the condemned area would also be difficult. This process would be excessively burdensome on the local authorities and the affected neighbor.

Undue development restrictions could be placed on non-solar property owners. In a dramatic example of this problem, it is possible that no vegetation would be allowed on the neighbors property if the

solar system were located downhill from the condemned space. Furthermore, such condemnation practices would likely work against the benefits of solar technology in the public's eye.

Private Nuisance Law

At first glance, private nuisance law appears to be an ideal way to protect solar access, since it is usually defined as an interference with the use and enjoyment of land. However, the interference must be substantial in order to create a basis for a nuisance action. In addition, the interference must be one that would affect a normal person in the community rather than one who is hypersensitive to the particular action. Although the loss of solar access would be a "substantial loss," a court may rule that the solar user is *hypersensitive* by virtue of his/her atypical energy demands relative to the general community. In fact, in most jurisdictions a building or structure cannot be complained of as a nuisance merely because it interferes with the passage of light and air. Of course, now that solar energy systems are becoming more common and, given the national interest served by energy conservation, rulings may change.

Private nuisance law is an unproven approach to solar access protection. Although court interpretations may change, there is no assurance that this will be an effective means of protecting solar access in North Carolina. Solar users need greater certainty that their investments will not be lost because of shading by structures or vegetation on nearby property. As Prosser (1971) observed, "[t]here is perhaps no more impenetrable jungle in the entire law than that which surrounds the word 'nuisance.' When there are alternative routes open, it makes little sense to try to hack a clear path through this jungle."

Zoning and Planning

The zoning and planning activities of local government offer many possibilities for protecting solar access. First, if a city or town has a comprehensive plan, proposals for solar development could be included at the outset. This could assure appropriate levels and methods of solar access in particular areas of the community. In the case of zoning practice, the public purpose of regulations and the uniformity of the overall plan must be considered. If solar access denotes a public purpose, then any lack of uniformity which results from solar access should be allowed. Designated areas could be open to access protection while others might require permits or easements. Existing neighborhoods would demand careful attention so as to minimize the threat of a "taking" of property rights.

Solar access through zoning works well in Planned Unit Developments (PUDs). PUDs can readily accommodate varying setbacks and building heights essential to proper solar access. In most cases, solar access can be provided with only minor site plan alterations.

zoning and special use permits

Special Use Permits are another effective means of protecting solar access. Zoning and special use permits are among the most useful of all solar protection strategies. Both have been upheld by the courts as viable and legitimate uses of municipal powers.

Subdivision Regulations

The subdivision ordinance is designed to govern the conversion of raw land into building sites for residential and other purposes. Typical subdivision regulations establish requirements for the design of streets, lots, and open spaces and set minimum standards for subdivision improvements (such as streets, utilities, drainage facilities, etc.) that must be furnished by the subdivider. Similarly these regulations often require the subdivider to establish easements for drainage ways, utility lines, and other purposes.

Subdivision ordinances are often overlooked as a means of protecting solar access. The review of subdivision plats may, however, provide a special

opportunity for a city or county to influence the orientation of lots and buildings to the sun. Even the simplest subdivision regulations will influence the location, length, and orientation of a subdivision's streets. In turn, the location and orientation of streets affect the orientation, shape, and size of platted lots and the placement and orientation of buildings on those lots.

subdivision regulations

Subdivision regulations often establish minimum lot sizes (incorporated from the zoning ordinance) and minimum street rights-of-ways. Lot sizes and street widths indirectly affect solar access by establishing setback distances between buildings. The placement of houses on a group of lots determines whether one building encroaches onto another's "solar collection field". With controlled siting and careful placement of structures, solar access can be achieved even in a group of lots with only 100-foot frontages.

The primary advantage of subdivision regulations is their ability to guide the development of large tracts of land which are maintained in single ownership. The subdivision review process can focus public attention on an area-wide solar plan. Regulations, moreover, tend to be more effective if applied to a single developer or subdivider than individual property owners.

The design phase of a subdivision is an ideal point for solar access intervention. The developer can most easily consider solar issues in the context of restrictive covenants or easements during his/her preliminary negotiations with the town. In some cities, subdivision regulations include requirements for solar easements or protective covenants as a condition of plat approval.

new solar legislation

Covenants

A restrictive covenant is described as a "mutual promise" made between members of a neighborhood or specific subdivision. These promises attach to and run with the land, thereby binding subsequent purchasers. Many covenants have been made which actually prevent solar systems from being installed, such as height restrictions, appearance codes, or setback requirements. On the other hand, several states have passed legislation that specifically prohibits covenants which restrict solar energy use. Many have realized good results. The Task Force recommends this method of solar access protection along with enhanced subdivision regulations.

Easements

Easements have been described as a desirable means of solar protection. Many architects, developers and elected officials favor this approach. Easements are not without their limitations, however. Neighbors often feel uneasy about giving away, renting or selling airspace above their property. The sale or lease of airspace remains a confusing concept for many property owners. A properly prepared solar easement, therefore, should include a specific description of the area to be assessed and should alleviate any conceptual issues associated with the transfer of such non-traditional property rights.

RECOMMENDATIONS

Based on the preceding analysis, the Governor's Task Force on Solar Law made six recommendations regarding solar access and land use.

1. Solar easements should be encouraged as an appropriate means of securing solar access. To this end, legislation should be adopted which sets forth the standards for drafting and the means for recording such instruments.
2. The Governor should invite the Energy Division of the Department of Commerce, the Alternative Energy Corporation, the North Carolina Bar Association, the Institute of Government and other legal and administrative organizations in the state to develop, either individually or cooperatively, model solar easements, covenants and ordinances which could be used in a variety of geographical and social circumstances.
3. By legislative action, any deed, restriction, or covenant that has the effect of prohibiting solar energy systems from being utilized should be deemed contrary to public policy and declared void and unenforceable, except those pertaining to conservation and preservation agreements.
4. Cities and counties should be authorized to encourage energy conservation and the use of solar energy, and to protect solar access in land use regulations through the use of zoning ordinance provisions, special use permits, incentives for developers, and requirements for subdivision approval.
5. Through the North Carolina Association of Homebuilders and similar organizations, the Governor should encourage developers to provide solar access by proper orientation of lots and buildings to the sun, and by establishing restrictive covenants or easements for use by the purchasers.
6. Cities and counties should be given the authority to maintain public vegetation in such a way as to provide solar access.

Specific means of accomplishing these recommendations are detailed in the *Report of the Governor's Task Force on Solar Law.* □

Strategic Plays

A Model for Organizational Planning

Emil Malizia

Strategic planning is a form of organizational planning appropriate for local development organizations (LDO's). It is a "producer-oriented" process to the extent that the aims, resources and capabilities of the local development organization are determined before area-wide goals and problems are addressed. Rather than represent a general prescriptive plan for all local organizations, the plan of the local development organization is one piece of the mosaic of organizational plans which must be jointly pursued to effect successful economic development. This article provides an overview of the strategic planning process as it might be used by local economic development directors.

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Strategic planning demands intra-organizational planning as a prerequisite to planning for the community as a whole. Organizational planning provides the context for area-wide planning. Local development organizations have the capacity to devise local economic development strategies that overcome goal and value conflicts, resource constraints and disagreements surrounding particular community projects. With strategic plans providing the base, a local development organization is in a position to play an effective and appropriate role promoting local economic development with and through other community organizations.

The local development organization represents ground zero; the origin from which the planner formulates an approach to local economic development. Too often the local planner tries to plan for the community at large or for a committee of local actors representing different local peer organizations. The resulting plans are usually very general and somewhat inconsistent. They often lack substantial local support or serious resource commitments. More problematically, the local planner preparing such plans is diverted from his/her organizational planning obligations. Such organizational planning should provide a rudder for guiding broader-based local economic development efforts. Furthermore, the local planner cannot assume that devising general plans or writing up broad policy statements provide good currency for increasing local credibility and support. This currency is already declining and may be devalued severely in the years ahead.

THE STRATEGIC PROCESS

Strategic planning includes analysis, design and implementation tasks. It may be divided into five steps: (1) articulating organizational aims, (2) specifying organizational means, (3) anticipating environmental events and trends, (4) designing and evaluating alternative strategies, and (5) devising tactics for executing desired strategy.

Articulating Organizational Aims

To have a grounding for planning local economic development, the local planner should question — what are the overriding aims of this organization? A community development director answered this question, as follows: to secure adequate funding to continue the CD staff at their current level of effort. The executive director of a local Chamber of Commerce receiving city funds to promote economic development answered it this way: to be recognized by public officials as a fair and effective organization while maintaining the support of the local business community. An industrial developer had the narrow aim of selling an available industrial site to a national corporation. A city manager wanted to convince the mayor to dissolve the existing administrative arrangements and vest his office with responsibility for promoting local economic development. As these examples suggest, the local planner should answer this question as honestly as possible and answer it privately or in the company of trusted staff members.

intra-organizational planning

The next question is—how can local economic development promotion serve these aims or purposes? By answering this question, the local planner may begin to consider economic development from the perspective of the opportunities afforded his or her organization. He or she has to sketch out various economic development outcomes that help achieve organizational aims. These sketches should lead to the next question—which local economic development problems should be tackled? Which have to be addressed? Responses to these questions describe the orientation and position that the local development organization will seek when dealing with local economic development.

Finally, the planner should consider which definition of local economic development is most compatible with the answers given to all of the above questions. A definition should be formulated that is compatible with the idea of "doing good" in the local community as well as "doing well" for the local development organization.

the analysis phase

Specifying Organizational Means

With this step, the local planner shifts the focus on the internal environment from organizational goals to organizational resources. Again, the planner must conduct an honest assessment of the organization's strengths and weaknesses: What do we do best? What have we done poorly? Which activities have given us status and recognition in the past? When have we gotten mud on our faces and why?

Upon completion of a frank assessment of strengths and weaknesses, inventories of staff, budget and other organizational resources should be undertaken and linked to the organization's basic capabilities. At this stage, the planner should prepare local economic development strategies which capitalize on the organization's strengths and effectively employ its financial resources. The planner should also examine successful economic development models which parallel the legal and political constraints of the local environment. This examination should narrow and sharpen alternatives to those which are most feasible in terms of the organization's capacity, legal constraints, political realities and external forms of support. This analysis will often provoke changes in the definition of local economic development posed in step one.

Anticipating Environmental Events And Trends

The local planner moves from consideration of the internal environment of the organization to an analysis of the external environment. The longer the time frame for strategic planning, the more difficult the analysis and the more general the results. Long-term planning requires attention to the technological, social, political, and market forces that affect the local economy. The recommendation here is to focus on shorter term economic trends. Try to anticipate environmental events which may occur and which may have a significant impact on the immediate future of the local economy. The process of anticipating environmental events involves determining whether they are likely to occur and forecasting their relative timing.

The planner next examines each environmental event relative to the organization's aims and capabilities. The examination should conclude with the decision to either gear up activities to confront the environmental event or to ignore it. This step completes the analysis phase of strategic planning.

Designing and Evaluating Alternative Strategies

Designing and evaluating alternative strategies are the most creative and innovative aspects of strategic planning. Strategy is "the general's art". It is the game plan or the different paths for achieving organizational aims. With the results of the analysis phase in hand, the planner should be able to describe what actions to take to achieve organizational aims. To fashion the best strategy, alternatives should be designed and evaluated in an interactive process. Strategies are usually more general than specific mitigations or projects. In fact, strategic courses of

action should be used to guide the design of specific mitigations or projects. No single methodology is adequate for designing strategic alternatives, however, useful techniques are presented in the strategic planning literature (See references).

The responsibilities of a local economic development organization and its associated community organizations must be distinguished to successfully execute any economic development strategy. Resources must be allocated to activities which the planner controls and to activities which entice and cajole others to act "appropriately". In an environment of peer organizations, failing to motivate others is the easiest way to turn a creative strategy into an empty wish.

When the preferred strategies are developed, the planner should return to his/her definition of local economic development and revise it in accordance with the chosen strategies. Like the best strategies, the most appropriate definition of local economic development is one that both increases the chances of achieving organizational aims and contributes to improving the local economy.

Devising Tactics

To carry out a desired strategy, the local planner should use management tools which are helpful in policy and program implementation. The basic question is – how is the organization going to initiate, sustain, and complete preferred strategies? To answer this question, the planner needs to decide who is going to do what and when. The planner may use a work plan format in which tasks and subtasks are listed and charted over time intervals, usually months. The work plan helps keep track of critical stages, project milestones, decision points and patterns of resource use.

As with contingency planning, the planner should identify key actors, forge agreements among them, and try to anticipate things that could go wrong. What should be done if things start falling apart? What are the second-best alternatives? Are there ways to save face? What can be learned when failure is inevitable? The planner must decide when it is appropriate to terminate efforts, when to accept defeat or, conversely, when to declare a victory.

Chosen strategies should be carefully documented regardless of their success or failure. This information is vital to the learning process inherent to strategic planning. If success is achieved, the material should also be used to make others aware of the organization's accomplishments.

Implementation is a crucial part of the strategic planning process. If an environmental event occurs, a planner cannot justify the prior steps of strategic planning without taking the concrete actions embodied in the last step. Understandably, community support for economic development planning is not inspired by the quality of the planning procedure but on the visible, beneficial results achieved.

Three additional rules of thumb should improve strategic planning:

- §Keep it simple (a project with seven sequential tasks, each having a 90% chance of successful completion, has less than a 50–50 chance of being finished);
- §Distinguish the essential from the preferred;
- §Be modest about organizational aims, resources and capabilities.

defining local economic development

For additional discussion of strategic planning, see Peter Drucker, *Management: Tasks, Responsibilities and Practice* (New York: Harper and Row, 1974.), George A. Steiner, *Strategic Planning: What Every Manager Must Know* (New York: The Free Press, 1979) and Richard I. Levin, *The Executive's Illustrated Primer of Long-Range Planning* (Englewood Cliffs: Prentice-Hall, 1981.) □

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A Dance of Economic Development

The Arts Strategy

Les Garner

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For the past decade, development of a major arts complex has been underway in downtown Winston-Salem, North Carolina. The project is unique in two ways. First, it represents a pioneering effort to employ the arts in the central city revitalization process. Second, it illustrates the importance of cooperation in effecting redevelopment objectives. In Winston-Salem, government, corporations, universities and non-profit organizations worked diligently and enthusiastically to create a new arts center for the community and the state. The project is a model of innovative economic development planning; it is an example of an effective public-private partnership.

Winston-Salem is a relatively small city (population approximately 135,000) in Piedmont North Carolina. Its economy is based on textiles and tobacco. Corporations located there include R.J. Reynolds Industries, Hanes Corporation, Hanes Dye and Finishing, Wachovia Bank, and Piedmont Airlines (Hanes Corporation was recently acquired by Consolidated Foods). Winston-Salem is also the site of major facilities of Westinghouse, Western Electric, and Stroh Brewing.

a second attempt

During the 1960's, Winston-Salem suffered a tremendous outmigration of population and commercial business. The downtown deteriorated rapidly from their departure. By the end of the decade, public and private intervention was required to effect the city's revitalization.

In 1970, the city completed Trade Street Mall, a $1.6 million project that converted a major central business street into a pedestrian mall. Hailed as the salvation of the downtown, the mall proved a disappointing failure. Retail business continued to move into suburban shopping malls and the center city population experienced similar decline.

In 1974, a second attempt at revitalizing the downtown was initiated. Representatives of local government, industry, retail, financial institutions, arts organizations, and service groups formed the Center City Task Force to coordinate new development plans and to pool resources. Among its first decisions was to abandon redevelopment through retailing and focus on the downtown as a residential, business, government, and convention center. In doing so, the Task Force recommended that the arts be the focus of the new revitalization strategy.

Formulating a Strategy

The concept of using arts in downtown revitalization was incorporated into two projects in Winston-Salem: the renovation of the Carolina Theatre, an 11-story vaudeville house, into the Roger Stevens Center for the Performing Arts and the renovation of an abandoned mill and automobile dealership into the Winston Square. The Stevens Center project was designed to provide a major performance center for the North Carolina School of the Arts; Winston Square, under the management of the Arts Council, would provide gallery, office, restaurant, instruction, meeting and rehearsal space for a wide range of community arts organizations. The process that led to their use as cornerstones for downtown revitalization was an attempt to build on the community's unique arts strengths.

The Major Actors and Their Motivations

Principal among the actors involved in development of Winston Square and the Stevens Center were the School of the Arts, the Arts Council, Winston-Salem based corporations and executives, and city government. For each of them, developing a cultural complex provided a means of accomplishing several objectives.

The School of the Arts. For the School of the Arts, the Carolina Theatre offered badly needed performing space. Chancellor Robert Suderburg, appointed in 1974, determined that the provision of such space should be a high priority. The Carolina Theatre appealed to Suderburg for three reasons.

An afternoon concert in Winston Square

The first was location. The School's faculty felt that an urban setting for the performing center would prepare students for competition and performing settings they would face during their careers. Second, the theater was relatively inexpensive. Renovation estimates for the theater were one-third to one-quarter of the cost of building comparable space. The final attractive characteristic of the theater was its appeal to the Winston-Salem community. Chancellor Suderburg realized that the funds to provide the performing space would have to come from private sources and that his fundraising base would be the Winston-Salem community. Having been represented on the Center City Task Force, the School recognized that the renovation of the downtown space would be an option that would generate commitment from local executives.

The Arts Council. The 1978 Cultural Action Plan described the Arts Council's selection of the downtown site for additional space and offered three reasons for its selection: centrality of location, economics and benefits to the community. As Milton Rhodes, executive director of the Arts Council, described it, "downtown was everybody's neighborhood." It was the hub of the city's transportation system and the single location that was convenient to all areas of the city. The appeal of downtown was enhanced by the fact that buildings providing adequate space for current and future use were empty. Acquiring and renovating them was estimated to cost $4 million rather than the $8 million for constructing new space. In addition, the report cites benefits likely to derive to the community including preservation of historic buildings, increase in property values, attraction of tourist dollars and a boost to downtown developments efforts.

City Government. The interest of local government in the redevelopment proposal was straightforward. The downtown areas of Winston-Salem represented 15% of the city/county tax base. The city had been involved in redevelopment efforts since the 1950's to preserve the integrity of its financial base. Population declined by 18,000 in the center city during the 1960's. By 1975, retail firms had abandoned the downtown to mall shopping centers. While there was some evidence of renewed interest in downtown residential development, the city argued that such interest needed active encouragement and support.

Corporate Leadership. For Winston-Salem corporations, the development of the Stevens Center and Winston Square offered the opportunity to support substantial investments in downtown while honoring a strong tradition of corporate support for the arts. Indeed, when first approached about the space problem of the Arts Council, R.J. Reynolds Industries suggested a downtown option. According to Milton Rhodes, RJR was concerned about its existing investment in downtown property and in the opportunities that might make downtown a more attrac-

corporate motivation

community and corporate support

tive place for its employees to work. The same view was held by Wachovia Bank, another strong supporter of the arts and the owner of a 32-story downtown office tower.

Critical Roles

During the long process of planning, fundraising and developing Stevens Center and Winston Square, the major actors worked hard building public awareness and consensus, raising money, and attending to problems of coordination and development of the urban infrastructure needed to support the center.

Building Consensus. Community support for the two downtown arts projects was essential to their success. Leadership of the planning process was critical to building that support. The challenge of providing such leadership fell largely to the Arts Council's Cultural Action Plan Committee. The Arts Council convened the committee in 1978 and charged it with evaluating the Arts Council program and its long run space needs. The Committee broadly represented the community, including individuals from business, local government, neighborhood groups, arts organizations, and education institutions among its more than 120 members.

King Douglas

Raising Funds. The fundraising strategies for both the Stevens Center and Winston Square focused on public and private managers to serve as leaders of the fundraising drive. The goal for the Stevens Center was $9 million; for Winston Square, $4 million. Local corporations provided endorsement of the projects through their own contributions. R.J. Reynolds donated $1.2 million to the Stevens Center and $1 million to Winston Square. Wachovia contributed $300,000 to Winston Square; $100,000 to the Stevens Center. Other major donors include Hanes Corporation, which gave $180,000 to Winston Square and $75,000 to the Stevens Center; Pilot Freight Carriers gave $250,000 to Winston Square.

Local corporations also provided "in kind" contributions and assistance in fundraising. Piedmont Publishing, owner of the Carolina Theater, donated the theater to the School of the Arts. R.J. Reynolds purchased and then donated the mill building to the Arts Council.

By appealing to donors on the basis of the redevelopment projects combined benefit to the arts and economic development, the fundraising committees were successful in securing funds from agencies and organizations which do not ordinarily support the arts. For example, the Department of Commerce contributed $3.14 million to the Stevens Center through the Economic Development Administration. The Appalachian Regional Commission provided $275,000 for the Stevens Center and $600,000 for Winston Square in recognition of the expanded economic and cultural opportunities that the projects would bring to the surrounding region.

Planners in Winston-Salem cite the support of city government as an important ingredient in their success. Mayor Wayne Corpening, a former Wachovia executive, delegated his special assistant to work on the development effort full time. That involvement faciliated the flow of information and added city hall's endorsement to various proposals. A major factor in Piedmont Publishing's decision to donate the Carolina Theatre to the School of the Arts was the city's offer to sell the company an adjoining piece of property. Numerous procedural and zoning requirements had to be adjusted to allow for the Winston Square land package to be assembled. The Mayor's office played an important role guiding these changes through appropriate channels.

Critical Factors for Success

The number and variety of new investments in downtown Winston-Salem is testament to the power of the arts as an economic development strategy. Since the two major arts projects were announced, over $100 million dollars of additional real estate have been approved for development in the downtown.

In reflection on Winston-Salem's use of the arts in downtown development, those inside and outside the city have identified a number of factors critical to the project's apparent success. In an analysis of revitalization efforts in six cities, the Real Property Field Study of the Harvard Business School cited six factors which were important to Winston-Salem. They included:

1) the extent to which the various community groups were united in support of using the arts for downtown revitalization and spoke with a single voice;
2) the attempt to market the proposal in terms of its economic impact as well as its benefits for the cultural institutions involved;
3) the fact that, previous downtown failure notwithstanding, basic services (lighting, streets, etc.) were readily available;
4) the presence of a group of committed individuals representing business, the arts, city government and community groups;
5) extensive use of the print media; and,
6) the ability to raise government support.

In comparison with the other five cities, four of these characteristics emerged as common to cities that have succeeded in downtown revitalization. They are:

1) strong local organization and coordination;
2) long term commitment to the project;
3) a strong base of local financial support for the project; and,
4) a focus on economic viability.

Risks and Problems

As successful as the Winston-Salem revitalization has been, it has not avoided criticism from civic leaders. Indeed, it seems inevitable that a project so ambitious and so visible would entail risk in terms of public reaction, unexpected financial developments, difficulties in communication between major actors and difficulty in maintaining enthusiasm and commitment over the long time period from inception to completion.

In Winston-Salem support for the arts is widespread but by no means unanimous. There are citizens and community groups who feel that the arts receive more than their share of philanthropy. Among concerns voiced by critics is whether the arts are being developed at the expense of basic services in low income and minority neighborhoods. In answer to such criticism, Thomas Elijah, Executive Director of the Winston-Salem Urban League, has countered, "There has been some resentment of the arts. But those people don't realize that the arts will be the center of our downtown, and that if downtown dies, the whole city dies."

A second problem encountered in Winston-Salem has to do with unexpected financial developments. Milton Rhodes describes the difficult situation early in the develoment process when the fundraising and architectural planning had to begin simultaneously. "We needed some idea of how much we could raise to guide the architects and we needed some idea of what the plans would look like to raise the money." As a result, planners found themselves in a situation of balancing architects dreams with available dollars. As Rhodes explains, when donors attempt to calculate their gifts as a proportion of the total need, "you have to hope that you have guessed the right amount of money to do what you have promised to do."

evaluating the arts strategy

This problem was compounded by the effects of inflation on building costs which averaged about one percent a month during the time that the downtown development project was on the drawing boards and out for bids. The result was that the plans for the Stevens Center, originally estimated at $6.1 million, were contracted at $9 million. The renovation of the mill and auto dealership, originally targeted at $1.5 million, were contracted at $2.8; and the center city park, estimated at $.5 million, $1 million.

Similarly, the planners had to respond when the ground rules for funding changed suddenly. Such changes were particularly likely with government funding, as exemplified by the city's quest for the EDA grant. After preliminary approval of the grant, the Commerce Department announced a change in deadlines that only gave the city 45 days to raise $2 million in matching funds.

a need for spontanteous action

To react to surprises quickly required open communication between the arts agencies and city leadership. Arts constituents typically suspect that business leaders "exploit" the arts and business constituents suspect that arts agencies are unable to manage such complex projects. The Arts Council made a point of having prominent executives on its board, especially on its finance committee. Milton Rhodes reports that such involvement sometimes results in his spending a great deal of time answering questions and providing information. He argues that these public relations efforts build confidence in the program and the Arts Council's goals.

Early enthusiasm for a downtown development project is not difficult to achieve. However, a proj-

ect that requires the better part of a decade from formulation to completion needs sustained enthusiasm. Other campaigns (including major campaigns in Winston-Salem for the YWCA, Wake Forest University, Salem College and Winston-Salem State University) attracted some of the attention and time that originally was invested in the arts development projects.

the public relations role of the planner

To deal with this problem, planners in Winston-Salem invested much of their effort in publicity and media coverage. Phillip Hanes estimates that for every hour of fundraising, 25 minutes went into the generation of publicity. Local press coverage has been thorough, and articles have appeared in national publications such as *National Journal*, the *Wall Street Journal*, *U.S. News and World Report*, *The Smithsonian* and *Town and Country*. The Winston-Salem experience was the subject of a plenary session of a 1981 Conference of Economic Impact of the Arts sponsored by Cornell University and American Telegraph and Telephone. This coverage reinforced a positive community attitude toward the project and kept major actors involved in the project.

Carolina Theater before renovation

Conclusion

A logical question at this point is how general is the Winston-Salem experience? Certainly there are aspects of the Winston-Salem effort that are unique. In the first place, leaders in that city were able to exploit an opportunity to obtain federal funds that may not be available again for some time. A President from the South, to whom many in North Carolina and in Winston-Salem were well-connected, made possible access to funds that have since been cut from the federal budget. As well, Winston-Salem is justifiably proud of a tradition of patronage of the arts. History and tradition provide the city with a strong arts heritage to exploit in economic development.

Timing and a unique strength in the arts aside, the Winston-Salem case study does offer insight into how public-private partnerships in economic development can be forged. Leaders in Winston-Salem gave their partnership time to develop. Discussions of the use of the arts as a catalyst for economic development preceded the fundraising effort by four years. Although most of this time was devoted to building consensus among the major institutional actors in the downtown development arena, a good deal of it was invested in public relations. Public support was actively cultivated and public reaction was assessed in advance of irreversible commitments. Planning was not left to the professional planners, the professional arts administrators or the professional managers. Perhaps the most noteworthy characteristic of the arts project as a vehicle for public-private cooperation was its ability to satisfy multiple objectives simultaneously. Stevens Center and Winston Square provided needed performance and rehearsal space, a visible symbol of confidence in downtown, a hedge against declining property values, a "downtown" performance center, and more. For the corporations, support of the cultural complex provided a tax deduction, protection of existing investments, and an opportunity to continue the tradition of support for the arts. For the Arts Council, Winston Square was a provider of space for more than a small portion of the city. For government, both projects brought in needed investment and made constructive use of dilapidated center city structures.

Donald Blumenfeld and Jack Arnold of Carolina Dancers

John Rosenthal

Satisfying this multiplicity of objectives made the cultural projects easy to support. Compromise among constitutents was easier to achieve since no one was tied to a particular characteristic of the project. Its attraction to many constitutents made a broad funding appeal possible. It facilitated appeals for the projects both as arts investments and as investments in economic infrastructure.

The answer to the query about the generality of the Winston-Salem experience is that it is general only to the extent that the broad development strategy, not the specifics, are copied. Although other communities may well be able to use cultural events or centers to spark investment (Charleston's use of Spoleto is often cited by Winston-Salem boosters), the fact is that the success of such a project appears dependent on the extent to which that project is consistent with the priorities of a broad cross section of the public. Stevens Center and Winston Square captured the imagination of a variety of Winston-Salem constituencies; the support which followed this imaginative plan proved an essential component of the city's revitalization program. □

imagination in planning

From Textiles to Transistors

Education and Training for a New Economy

Kathleen Heady

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To ascertain activities which link education and training policies to economic development strategies, the Southern Growth Policy Board (SGPB) contacted key personnel in Virginia, North Carolina, South Carolina, Georgia, Florida, Tennessee, Kentucky, Alabama, Arkansas, Oklahoma and Puerto Rico in December 1983. A structured request was mailed to these individuals in early February. It identified eight general types of policy-program linkages, formal and informal, which might exist within state government. State documents which exemplified those linkages were requested: executive orders, interagency memos of understanding, project funding criteria, pertinent legislation, or relevant state publications. This article is based on responses to the structured request and is therefore representative rather than exhaustive. It is a summary of the most common linkages, noteworthy activities, and practices.

INTRODUCTION

The link between education and economic growth has been understood for nearly as long as the public has been responsible for schooling. Economic goals for education have driven federal education policy since the land grant colleges were established in 1862. Over the years it has generally come to be accepted that the sum total of skills, knowledge, and behaviors learned in school increase an individual's productivity in the workplace and that a productive workforce contributes to economic growth.

These are not new concepts in education, but they have become increasingly important. International competition and technological advances have accelerated the rate of change in the U.S. economy. The result is a decline in many traditional industries and jobs and an emergence of new industries and occupations. This rapid change has focused attention on the need for improving not only education but also job training to meet new skill requirements and take advantage of new economic opportunities. It is not surprising that the economic goals of education are being discussed even more explicitly today than before and that state and local education, training, and economic development agencies are working together and with the private sector to strengthen state and local economies.

customizing job training programs

Change must begin with education at the primary and secondary levels. Without basic skills, students are not well prepared to enter the work force, to continue their education and training at colleges and universities, or to participate in other higher education and training programs.

Change must also occur in adult education and training programs. In the past, attention has centered on vocational education and training, although such programs have not always met the needs of employers or responded to high growth rates in specific occupational areas. The rapidly changing structure of the economy necessitates improvements in existing programs as well as a broader set of training programs and policies. The South has been a leader in the creation of customized job training programs for new and expanding businesses; many of these programs are integral components of states' economic development and industrial recruitment strategies.

These emerging needs have been recognized at the federal level in the Job Training Partnership Act (JTPA) enacted in 1982 to replace CETA (Comprehensive Employment and Training Act). Although JTPA provides funds for programs for dislocated workers, it cannot meet all retraining and upgrading needs. Additional complementary state training programs may be necessary to boost economic growth and development—e.g., retraining or entrepreneurial training programs geared to specific educational needs of citizens. Finally, states are beginning to recognize the important role universities can play in boosting economic growth and development.

TRAINING

State training and vocational education programs have often been explicitly linked to economic development or industrial recruitment strategies.

Structural changes in the economy have heightened awareness about the need not only for a broader set of training programs to address retraining and dislocated worker needs, but also for more relevant programs to train individuals in occupational areas where demand exists. The Job Training Partnership Act has, in certain instances, become an integral component in the formulation of new and broader training programs and the development of overall state training policies. Public-private partnerships, in addition to those found under JTPA, have been initiated in states with the hope of creating more relevant training programs suited to employer needs and to solicit private sector support for training programs.

States have been making improvements not only in primary and secondary education, but also in vocational education and training. Many initiatives have come directly from the governors' offices. The "South Carolina Educational Improvement Act of 1984" included the following language: "The highest priority in funding for vocational education must be given to job preparatory, occupational proficiency courses in areas related to: current high technology trades, business and industries; small businesses which foster and enhance the economic development, stability, and diversification of the state's economy."

Customized job training programs were the most frequently reported linkage between training and economic development by survey respondents. These types of programs exhibit a strong linkage between vocational training and industrial recruitment efforts. Often the full cost of training for new and expanding industries is borne by the state. *North Carolina, South Carolina,* and *Oklahoma* were among the first states to adopt this model, but all of the other SGPB member states have followed suit. Although the administrative structure, organization, and training locations vary among states, the intent has usually been the same: to support business recruitment and expansion efforts.

In *Florida,* the Industrial Services Training Program (ISTP) was developed to provide a "quick start program" to meet the needs of new, expanding, and diversifying industries in the state. The program works closely with the Department of Labor, Division of Employment Security, to provide candidates for training. Programs are tailored to meet a plant's unique operations, complete with instructors, materials and training facilities. In addition, the Department of Education's Division of Vocational Education works directly with the Department of Commerce's Division of Economic Development in these efforts. ISTP offers a unique placement service through the Cooperative Agency Placement System (CAPS). It prepares a computerized printout every 90 days, or on special request, showing the names and specialties of vocational students who have completed training and who are willing to relocate in the state.

Nancy Garner

Georgia has administered a "Quick Start" Program through its Department of Education to provide skilled operator training for expanding manufacturing industries. The program offers a training plan specifically tailored for a plant, plus training facilities, equipment, state-paid instructors and screening of job applicants. Training usually takes place in two phases: pre-employment instruction and on-the-job training. In addition to "Quick Start," Georgia also provides customized training through JTPA's Titles II-A and III.

Several other states have used training as an incentive in their enterprise zone legislation. In *Arkansas,* a business participating in an enterprise zone must agree that one third of the employees hired are unskilled, unemployed, or receiving public assistance. Priorities in the distribution of JTPA funds are given to enterprise zone projects. In *Virginia,* local incentives are available to qualified businesses in enterprise zones, including economic development loans, employment and job training services, and public improvements.

legislative incentives

Public-private partnerships have become an essential component in the formulation of relevant training programs and in securing funds for such programs. *Arkansas* has developed an "Educators in Industry Program," a master's degree course designed to familiarize teachers with the industries located in the state. In addition, industries in Arkansas have donated over $450,000 worth of equipment this year to vocational-technical schools for training purposes.

In *North Carolina*, the State Board of Community Colleges has been chaired by a businessman, with a majority of its members coming from the private sector. The state has had an extremely successful equipment donation program which has resulted in over $6 million worth of usable equipment for institutions in the community college system. Scholarship programs have been initiated at the state level by Wachovia Bank and Trust Company, the Weyerhauser Company, and Carolina Telephone and Telegraph Company. Many other companies have contributed to scholarships at the local level.

One community college program in North Carolina, the Cooperative Skills Training Centers program, is noteworthy because it has actively involved the private sector. Its purpose is to allow institutions and industries to cooperate in assessing local training needs and in developing instructional programs uniquely designed to meet those needs. Although the nature and scope of training may vary, the programs are responsive to the needs of production and manufacturing industries, with special emphasis on industrial maintenance, machinist, and tool and die making occupations. Since there are no restrictions on class size, the program has been particularly beneficial to existing industries which need specific skill training for a small group of employees. The program began with special funding from the General Assembly for eight schools in 1981–82; fifteen schools in 1982–84.

private sector involvement

In *Oklahoma*, industry has donated equipment to various vocational programs. The State Board of Vocational Education has mandated that all vocational education programs have an industry advisory team serving an active, integral part in the development of training programs. Oklahoma has initiated a unique program: the Southeast Oklahoma Rural Development Industry Program. Its purpose is to establish small businesses in special incubator facilities constructed on the campuses of three vocational schools, and subsequently to "spawn them" into the community. The program is designed to encourage new business activity, to reduce the rate of small business failure, to create new businesses through entrepreneurial education and technical assistance, to incubate or develop new product ideas, and to train individuals to run a business.

Another special project in Oklahoma has been a consortium between the Department of Economic Development, the Department of Vocational Education, the state Chamber of Commerce and Governor's office. This profitable and popular program is operated by an elite 20-member industry advisory team. Its purpose is to increase the efficacy of Oklahoma businesses and industries by providing management training geared toward higher productivity. The program will not require any additional state funds in the future since funds will come from industry itself.

South Carolina has taken a comprehensive approach to job training, education and economic development. A report issued in December 1983 by the Governor's Implementation Task Force on Economic Development (ITFED) called "Job Training, Education and Economic Development in the 1980's,"

recognized that the state must revitalize its economic development efforts by addressing several specific aspects of job training and education. The four elements of this human resources policy are basic skills, retraining for marketable job skills, strategic job skill upgrading and entrepreneurial training. The report recognizes that the quality of public education is a key component of the state's long-term effort to promote economic development and to integrate adult education programs with retraining programs for displaced workers. Retraining is called for in occupational areas with maximum potential economic growth. With careful design and execution, these programs can help promote economic growth in businesses and industries which otherwise might not locate in South Carolina. One of the most interesting concepts in the report is "life-time training," which recognizes the need to train or retrain the so-called "structurally unemployed" individual throughout his or her lifetime in order to accommodate ever-changing job requirements, a common phenomenon in today's workplace.

The Governor's task force recommended the formation of a team comprised of staff from ITFED, JTPA, Vocational Education, Adult Education and the Employment Security Commission to implement the human resources policy. The team currently focuses on the life-time training concept, primarily through expanded OJT and "vestibule" training. Pilot programs are being funded in thirteen technical schools and 52 vocational schools. The report also suggested establishing a Governor's School for Entrepreneurial Development as the focal point for efforts across the state, in all levels of education, to improve the quality of entrepreneurial training.

UNIVERSITIES

States have undertaken a number of measures to expand and improve the quality of education in their colleges and universities. The goals are to keep high school students *in* the state, to train needed professionals and technical experts for state industry, and to link university research and private sector needs.

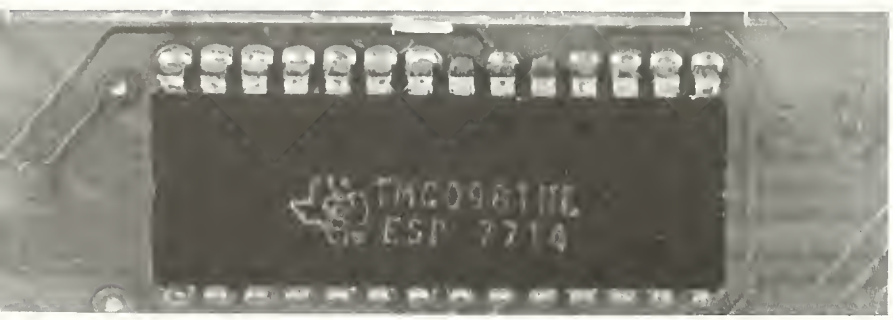
Not only do universities help provide manpower for state industries, but university research and education programs serve to generate economic development and provide the research support often needed by new or expanding industries. In an *Alabama* report called "The Task Force on Economic Recovery," one of the major goals of the Committee on Industrial and Technological Development was to enhance and improve the research and graduate institutions of higher education in the state and to create a public awareness of the importance of technological progress. The Committee suggested initiating a program whereby universities would become directly involved in efforts to recruit new businesses and industries.

In *Virginia*, the Task Force on Science and Technology recommended the establishment of a "Center for Innovative Technology," in which the major research universities in the state would work in cooperation with the industry. The proposal for the Center was submitted by three major universities in the state with the recognition that, "in the Commonwealth, economic expansion will depend, in part, on the ability of industry to improve its competitive position through the assimilation of high technology devices and processes, and the creation of new high technology." This, at least, implies a need for active research universities. Formation of the Center was approved by the 1985 General Assembly; it will be located at a site near Dulles International Airport in northern Virginia. The purpose of the Center is to ". . . facilitate the transfer of scientific knowledge developed in Virginia universities to industries involved with advanced technology products and processes." Other recommendations were suggested by the Task Force on Science and Technology, such as establishing and enhancing graduate programs in high-tech disciplines, encouraging part-time continuing education of those already employed, encouraging on-going participation by industry employers in the program, and establishing formal business-industry higher education liaisons at all appropriate colleges and universities.

retraining programs for displaced workers

A somewhat different approach has been undertaken in *Louisiana*. The purpose of the Louisiana Innovation Center, established in 1983 at Louisiana

State University, is to evaluate the commercial and technical feasibility of ideas or inventions created in the state. The primary objective of the Center is to promote, encourage and stimulate technological innovation (through invention evaluation and incubation assistance) and, in the process, either formulate and develop small innovative firms or transfer new technology to existing firms. The Center was established with $100,000 in state funds during its first year. A similar incubation facility has been established at the Georgia Institute of Technology in Atlanta. The Advanced Technology Development



Center (ATDC) was created in 1980 by the Governor and the General Assembly to act as a catalyst to attract and foster the growth of high technology industry in the state. ATDC offers a broad range of technical and managerial services and provides information to high technology firms considering expansion or relocation to Georgia. It supports technology-based entrepreneurs and small businesses, helps existing high technology companies with new product development, assists in the formation of venture capital, and conducts education programs.

incubation facilities

One of the older, more notable links between university research and private sector needs occurred in *North Carolina* in the 1950's with the establishment of the Research Triangle Park (RTP). The Park is the largest planned research park in the United States. It is situated in the "triangle" formed by North Carolina State University in Raleigh, Duke University in Durham, and the University of North Carolina at Chapel Hill.

In *Tennessee*, an eight-mile "Technology Corridor" was established in 1982 after the Governor appointed a Task Force to study the feasibility of "utilizing scientific and other technical resources of the Knoxville-Oak Ridge area to facilitate expansion of existing technology-oriented industry and attract new high technology business to the state." The corridor stretches along the Pellissippi Parkway, from the National Lab in Oak Ridge to the University of Tennessee campus and the Tennessee Valley Authority headquarters, both in Knoxville.

CONCLUSION

Southern Growth Policies Board member states are working on the linkage between education and training programs and economic development activities in a number of creative ways. The South often has led the way. Southern states are giving increasingly explicit recognition to the fact that improved educational and training systems will enhance state economic progress.

Southern states have fostered additional linkages as well. Vocational education and economic development are being linked through customized training programs and new links are being forged between economic development and other training ventures—e.g., programs linking the federal JTPA mandates to state programs, and programs linking enterprise zones to training and development activities. States are also considering training activities which will deal with life-time training programs using JTPA Title III funds, programs under JTPA Title II-A to help integrate training for the disadvantaged with industrial recruitment goals and innovative entrepreneurial training programs typified by the Southeast Oklahoma Rural Development Industry Program.

Over the last several years, states have become increasingly aware of the contributions which state university systems can provide to economic growth and development. Not only do universities provide professional and technical labor force participants, they can help industry meet its research and development needs. A number of SGPB states have initiated research parks, as well as innovation and development centers, to foster industry and university linkages. A quality university system can also help the state retain its valuable pool of high school graduates.

Naturally, economic reasons are not the only reasons states have been making improvements in their education and training systems, although they certainly undergird the efforts. Federal legislation has motivated the establishment of complementary goals and objectives and it has faciliated communication between human resource and economic development agencies and the private sector. Many of the involved agencies now sit together on advisory councils. A number of states have gone a step farther forming their own special councils or interagency advisory committees. Communication, cooperation and streamlined efforts have resulted. Several states, most notably *Mississippi* and *South Carolina*, have taken a comprehensive look at their economic development initiatives to ensure that special emphasis has been given to the role of education and training in those policies. □

Leaving the Park

A Permanent Place for Mobile Homes

Randall Thomson

Randall J. Thomson is an associate professor of Sociology at North Carolina State. He specializes in cross-cultural research and teaches classes in international studies, research methods, and urban sociology. Thomson is continuing his work on mobile home communities and is planning to write a book on this topic. His co-author, Martha Sprague, is a recent graduate of North Carolina State where she studied Sociology.

Mobile home site planning has proven a troublesome task for many American planners raised on the ideals of the "City Beautiful" movement. It is a problem of particular relevance for North Carolina planners where the mobile home industry provides an ever-increasing proportion of the state's dwelling units.

In the following article, mobile homes are described as an important alternative to conventional housing. Mobile homes provide affordable living space for many rural families. The authors also voice support for the improved quality of mobile homes built during the past ten years. Despite this progress, most zoning regulations continue to restrict mobile homes from site-built residential areas. The authors challenge the validity of these restrictions. They urge a review and revision of discriminatory zoning regulations on the basis of mobile home design improvements and on their relative economic value.

MOBILE HOMES AND MOBILE HOME RESIDENTS

Perception has been an obstacle to the acceptability of mobile homes. Traditionally, residents of trailers and mobile homes were stereotyped as transients. Part of the solution to this perceptual problem has been an attempt by private industry to eliminate references to mobility. Today, mobile homes are legally, but not popularly, referred to as manufactured housing. Their wheels are primarily used for delivery by special trucks and generally removed upon installation on a lot. Trailers are also manufactured in factories, but are made for towing by automobile and therefore retain their potential for mobility. Modular units and prefabricated homes are generally referred to as "factory built" homes. They are delivered by flat-bed trucks and installed on permanent foundations. Mobile homes and factory-built units represent the largest proportion of all types of housing built by manufacturers.

Trends in the Mobile Home Market

1972 represents the apex in mobile home sales thus far. During that year, 575,000 units were sold nationwide. The decade preceding 1972 was one of rapid growth in the popularity of mobile homes while the decade following 1972 was one of maturation in the mobile home industry. The maturation process was forced upon the industry by recession-related forces and the lax credit policies of many "get rich quick" retailers and manufacturers. H.A. Davidson notes that the loan acceptance rates for mobile homes rose from a 65% rate prior to 1972 to a situation in 1972 where virtually every loan was accepted (a 95% acceptance rate). After 1972, only 40% of all loan applications were accepted. The collapse of dealerships and manufacturers, together with an escalation in loan defaults and repossessions, produced a market situation that seems to fluctuate in a manner more similar to the conventional home market.

From 1964 to 1975, the mobile home industry more than doubled its share of new privately-owned single family homes in the U.S. Mobile homes have continued to capture a significant proportion of the housing market. In 1982, 238,808 mobile homes were delivered. This represents 37% of all new single family housing. In addition, the early 1983 figures show that mobile home production is up by about 30% over 1982.

North Carolina currently ranks third in the country in terms of shipments of mobile homes and fifth in the country in terms of production. The 1980 census shows that 10% of all North Carolina households reside in mobile homes. In 1970, the percentage of all occupied homes that were mobile homes was 6.5%. The 1980 U.S. Census of Population and Housing shows that in Wake County, mobile homes constitute about 6.7% of the total number of housing units.

Mobile Home Residents

The stereotype of mobile home dwellers as poor people living in substandard housing may have been accurate during periods of general economic pros-

perity when conventional housing was relatively abundant and affordable. A number of economic changes together with changes in the mobile home industry have rendered that stereotype inaccurate. Economic changes (primarily recessions, high interest rates, and high construction costs) and industrial changes (primarily structural and design improvements) have expanded the range of demographic characteristics of mobile home residents.

Due partly to exclusionary zoning regulations, demographic characteristics do tend to be homogeneous for certain types and locations of mobile homes. The typical buyer at White Oak mobile home subdivision in Garner, North Carolina, for example, is white collar, 35 years old, with two children and a family income of $25,000. Subdivisions located outside of city limits because of restrictive housing policies are evidently attracting a middle class clientele.

the typical mobile home resident

The more attractive mobile homes, parks, and subdivisions are virtually isolated from public view due to tight restrictions. The more visible mobile homes are those located in open rural areas where quality standards have been nonexistent. The public's perception of mobile housing is, therefore, understandably limited to the poorer quality mobile homes of the impoverished. Nevertheless, in North Carolina, the typical mobile home resident is of a higher median income level than all North Carolina housing residents and is better educated than the average. In addition, most residents of double-wide mobile homes are former single-wide residents who are "moving up." Mobile homes in general have represented a necessary *stage* in the process of acquiring a conventional, site-built home.

In terms of social and political behavior, empirical evidence from North Carolina suggests that whatever differences may have existed between mobile and conventional home dwellers is diminishing. Membership in voluntary associations and voting behavior are similar for both housing groups. Mobile home dwellers are more integrated into social systems and more similar to conventional home dwellers than previously believed.

FACTORS STIMULATING MOBILE HOME GROWTH

There are essentially four primary factors currently contributing to the growing popularity of mobile housing. Two of these factors, relative cost and design improvements, have been especially critical during the past decade. The other two factors, park improvements and demographic trends, are especially critical in the present and for the future.

Relative Cost Advantage

Manufactured housing offers an alternative to high density apartment life for persons who are priced out of the conventional housing market. Even when located in parks, mobile homes represent a form of medium density housing.

The construction costs are kept low partly because of the use of factories which promote volume buying of materials, increased efficiency, lower wastes and low cost labor. The average per-square-foot construction cost of mobile homes is about half the cost of site-built housing. Factory construction has the added advantage of speed in delivery. Site-built homes take several months to build from the date

of order while factory-built homes can be ordered, built, and delivered within weeks. Mobile homes come equipped with appliances and furnishing but not with land. Strict price comparisons with conventional housing are complicated. Nevertheless, the evidence points to an overall savings in mobile homes. As recently as 1970, over 92% of single family homes were valued at less than $25,000. Census reports show that the 1981 median value of owner-occupied, single family homes built since 1970 (¼ of the entire housing stock) was $70,900. Yet the percentage of N.C. households in 1980 with incomes of less than $6,000 is estimated at 42%. For many people, therefore, mobile homes may represent the only viable alternative for home ownership. The 1982 average price of single-width (14') mobile homes (which represent about 70% of all mobile homes) was $20,000 and the average price for multi-widths was about $30,000. Changes in financing and, for low-income groups, changes in federal subsidy programs are also related to the relative cost advantage of mobile housing.

Financing of mobile housing used to be similar to automobile financing with short terms and small maximum amounts. Recent changes have produced financing terms that are more similar to conventional mortgages. Sylvia Porter, author of *Money Book*, reports that the recent announcement by FHA to issue 30-year loan insurance, if sold as real estate with the land, should boost mobile home sales even further.

The Reagan administration recently terminated a housing subsidy program, Section 8, that had brought housing within reach of low-income people. Without federal assistance and in the face of high interest rates, states cannot adequately meet the housing needs of the poor. In North Carolina, the result has been a shift in policy for the state's Housing Finance Agency. The agency can now only help the poor with low interest loans for home improvements, not purchases.

Finally, recessionary pressures may stimulate mobile home purchases for the middle classes as well. In addition to the possibility of buying a mobile home for a primary residence, persons discouraged from the conventional home market for the purchase of second homes (vacation homes) may find that manufactured housing represents an attractive alternative.

Design Improvements

Although trailers first appeared in the 1920s, it was not until the last decade that substantial exterior and interior design improvements were made in manufactured housing. Safety and construction standards were imposed upon the industry in the early 1970s and were generally welcomed by the industry. Many states imposed inspections and building codes that were similar to conventional home construction. The National Mobile Home Construction and Safety Standards Act of 1974 superceded state standards in 1975. These HUD-imposed standards have improved safety features to such an extent that site-built homes today are more likely than manufactured homes to experience fire-related damage and fatalities. The national standards have also extended the economic life of manufactured housing, thereby positively affecting depreciation.

financing problems

Flexibility in exterior dimensions has also increased the popularity of manufactured housing. While the widths of mobile homes are governed by highway transportation constraints, manufactured housing can be delivered in sections which double and even triple the standard widths. The widths have changed from just 8' prior to 1950 to 14' for single-widths today. The positioning of the mobile home sections on lots, together with increased options of exterior finishes and attractive landscaping have produced homes that appear quite similar to site-built homes. The practice of placing metal siding on site-built homes tends to blur the distinction even further. Nevertheless, evidence shows that these design improvements are not yet part of the public's perception of manufactured housing.

Park Improvements

While many mobile home parks still suffer from a multitude of problems, partly due to the manipulation of supply and demand forces engendered by tight zoning regulations, the parks are generally improving. There has been, for example, a shift away from rentals to owner-occupied lots and homes. Legal pressures have also forced parks to abandon many of their more autocratic practices. In addition, the development of mobile home subdivisions, though relegated to rural environs, have opened up additional alternatives to mobile home residents.

anti-urban sentiment

Demographic Trends

A final factor that has favorably affected the manufactured housing industry is the changing demographic composition of the U.S. population. Mobile home residents generally come from two age groups (the young and the elderly) that are expected to grow faster than the total population. H.A. Davidson points out that a retiree can realize maximum liquidity and minimum carrying costs by selling his conventional house and buying a home, such as a mobile home, that roughly matches his expected longevity.

The foregoing discussion presented general factors that have encouraged mobile home occupancy. While the popularity of mobile homes may have increased, many obstacles prevent the full realization of their potential.

OBSTACLES TO MOBILE HOME GROWTH

Essentially there are four major obstacles to mobile homes. They are interrelated. Perhaps the most important obstacle, because of its influence on the other obstacles, is image. Zoning, especially tight exclusionary regulations, is the second most important obstacle. Two other major obstacles are mobile home park abuses and depreciation.

The Image Problem

Despite the many similarities that now exist between manufactured housing and site-built housing and between mobile home residents and conventional home residents, the general public still tends to stereotype manufactured housing as inferior and mobile home residents as undesirable neighbors. As mentioned earlier, part of this problem is related to the relative isolation of the better manufactured housing and the relative obtrusiveness of the shoddy mobile homes. Related to the isolation problem is what many scholars refer to as a deep-seated anti-urbanism that exists in the United States. Anti-urbanism tends to esteem those life and housing styles that symbolize rural life. Esteemed styles include stability, home and land ownership, natural building materials, large, private lots, and even fireplaces. Mobile homes capture these styles, if at all, on a superficial level. Mobile homes were originally built for mobility, not stability; are built in factories with metal and synthetic materials; are frequently located on group sites with relatively small, rented lots; and have had to settle for false front fireplaces.

A related question is whether mobile home residents are perceived as recipients of differential treatment. A recent survey found that substantial proportions (between 30 and 50%) of mobile home residents perceive discriminatory treatment in such areas as utility deposits, home repair services, credit from community businesses and attention from local officials. In addition, a majority of both the mobile home (71%) and the nonmobile home (58%) residents agree that nonmobile home residents exclude mobile home residents from their friendship circles. A majority of both housing groups also did not agree that mobile home residents would make good neighbors or are as dependable as nonmobile home residents.

Public acceptance of manufactured housing and mobile home residents cannot be legislated, but misperceptions can be corrected by exposure and education. Exposure to the changing nature of manufactured housing and its residents is nevertheless limited by public officials acting on behalf of what they perceive to be the general welfare of the community. Zoning, then, is a related obstacle to mobile home acceptability.

Zoning

In the early 1900s, the courts tended to take a laissez-faire attitude towards land use zoning and such ordinances were generally declared unconstitutional. In 1926, however, the U.S. Supreme Court ruled in *Euclid v. Ambler* that zoning was constitutional and could be used as a police power to protect the health, safety, morals, or material welfare of a community. Zoning laws generally were upheld by the courts until the early 1970s when an increasing number of courts overturned exclusionary zoning regulations. Most courts have recently held that local ordinances that exclude mobile housing are unconstitutional since a relationship to health, safety, or welfare has not been demonstrated. In 1971, the N.C. Supreme Court ruled in *Town of Conover v. Jolly* that a city ordinance lacked the legal authority to exclude mobile homes from residential areas since mobile homes were not a nuisance, per se. Local governments frequently avoid the legal pitfalls of exclusionary zoning by designating a particular residential district open to mobile housing, or restrict-

ing mobile homes to parks which are then restricted to business or industrial zones.

The seriousness and emotional intensity of zoning cases is indicated by the large number of legal arguments called upon. Exclusionary zoning has been accused of violating a number of Constitutional guarantees including violation of: the right to travel, since housing choices are restricted; the Supremacy Clause, since localities cannot circumvent federal programs and power; the Due Process Clause, since property values are depressed; the Civil Rights Acts, since housing choices open to blacks are restricted; and equal protection under the law.

Abuses in Mobile Home Parks

A third obstacle to mobile housing is related to lack of space which, in turn, is a function of restrictive zoning. Spatial limitations tend to produce inflated land values and lot rentals. With demand outstripping the supply of urban residential space, mobile home park owners have been able to hold near dictatorial authority over the home owners who rent their land. Mobile home owners in parks frequently have had fewer rights than apartment renters. Documented abuses include the use of rental agreements instead of leases, fees of as much as $500 to commence or terminate park residency, and requiring new residents to purchase their mobile home from the attached sales lot. Rental agreements allow the park owner to evict for any number of specified reasons including speaking derogatorily about the park. Mobile home parks in the Raleigh area currently require hefty entrance fees and prohibit owners from selling their homes to prospective residents. Low income buyers are the persons most adversely affected by such practices.

Depreciation

While no hard evidence exists about the depreciation effect on neighboring property values, one method of reducing the potential depreciation is through zoning ordinances that require exterior finishes on mobile homes that are compatible with neighboring homes. Such ordinances are endorsed by the N.C. Manufactured Housing Institute.

Depreciation also appears to be related to lot ownership. The belief that lot ownership, as opposed to rental, stimulates care of the property and therefore reduces depreciation is one of the guiding principles behind the development of mobile home subdivisions. Finally, as noted earlier, structural changes have also lessened depreciation by extending the life of mobile homes.

exclusionary zoning

DISCUSSION

"You can't do one thing." By establishing local ordinances to preserve the welfare of an area, public officials may have denied a significant section of the population membership and acceptance in the communities of their choice.

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Landmarks for the Poor

Mitigating Displacement from Historic Preservation

Daniel Ellison

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Planners and neighborhood groups are justified in exercising caution when they consider historic preservation proposals for their communities. Evidence shows that the effects of historic preservation reinvestment are mixed. Historic preservation projects are responsible for converting many decrepit, yet architecturally significant buildings into appealing landmark structures. In many cases, these transformed buildings have inspired a revitalization of blighted areas. Saving an historic structure, however, can also have an adverse effect; namely, the displacement of low-income residents from their homes and businesses.

In this article, author Daniel Ellison, director of Mordecai Square Historical Society in Raleigh, North Carolina, proposes a variety of legal and financial means of mitigating the adverse impacts of historic preservation. If implemented, the benefits and the costs of historic preservation may be brought into better balance.

displacement

Planners and historic preservationists must attend to the needs of a diverse constituency. In their effort to *reclaim* the architectural beauty and cultural integrity of the nation's cities, American planners and preservationists have ignored the *disclaiming* influence which their policies have had on less advantaged households that actively use the unimproved structures. This "disclaiming" effect involves the involuntary displacement of property owners and tenants from their residential or commercial property. Displacement involves substantial emotional, economic and social costs. For preservation to achieve a broad base of support, its proponents must be sensitive and responsive to the full range of community needs. The cultural benefits of historic preservation cannot be blindly advocated. Planners and preservationists must consider the economic, political and social effects of their policies on all classes of society.

In the following article, historic preservation policies are described in terms of their displacement impact. Tools and strategies for the mitigation of these effects are presented thereafter. The discussion is divided into four sections: 1) Definitions and general observations; 2) Historic preservation impacts on displacement; 3) Legal considerations; and 4) Methods of mitigating historic preservation displacement.

DEFINITIONS AND GENERAL OBSERVATIONS

Displacement refers to "the involuntary movement of a household from its immediate residence or place of work." Displacement is not restricted to acts of physical force, e.g., bodily eviction or the disconnection of essential services and utilities. It involves economic pressures which deplete the income and savings of households to a point where the quality of housing services no longer justifies their cost. For purposes of this article, *residential displacement* will be the focus of discussion. Businesses can also be displaced, but the ramifications and effects of commercial displacement are unique enough to warrant their separate consideration.

Displacement is a topic which has received significant attention from students of social welfare and social justice planning. Unfortunately, the literature is deficient in its full and credible analysis of the causes and implications of neighborhood displacement. The transience of displaced households complicate their study. Displaced households are elusive and, even when found, often provide justification for their moves which are poorly correlated by traditional survey research methods. The *1981 Update Report to Congress on Residential Displacement* is an often quoted study by HUD; its usefulness for behavioral analysis, however, is marginal. In this report, HUD estimates that one percent, or approximately two million people, were displaced in 1979 as a result of private property investment. The report suggests that displacement disproportionately affects low-income, minority, female headed households and renters. This is hardly surprising given the limited housing choices available to the poor and politically powerless.

The HUD findings were compiled from all private development activity. Inner-city reinvestment is a

subset of that; historic preservation is only a sub-subset. Even though historic preservation accounts for a small fraction of that one percent of displacement, in some areas, preservation activities have been a catalyst for gentrification and neighborhood change. Dennis Gale studied the Capitol Hill area of Washington, D.C. He found clear evidence of the effect of historic preservation on demographic change. In the period 1970 to 1977, the neighborhood's socio-economic profile shifted from 60% black and 27% college educated to 94% white and 97% college educated. The effects of displacement have inspired new caution and concern for further preservation and revitalization activity. Planners and community groups now demand greater compensation for the displaced households. These are reasonable demands if historic preservation is to serve a broader social purpose than merely to resurrect architectural monuments for the benefit of an elite, educated, but self-serving society.

HISTORIC PRESERVATION IMPACTS ON DISPLACEMENT

How does historic preservation affect displacement? Historic preservation affects displacement by altering the traditional structure of inner city neighborhoods to a point where housing costs for the original property owners exceed their ability to pay; and/or the social character of the neighborhood has changed to the degree that indigents are no longer welcome.

There are essentially two types of property reinvestment: incumbent upgrading, which is reinvestment from *within* the neighborhood; and gentrification, which is reinvestment from *outside* the neighborhood. Expectedly, "inside reinvestment" involves less displacement than "outside reinvestment." One of the principal factors to make an area a target of reinvestment is the neighborhood's proximity to the city's historic districts. Since the end of World War II, these inner-city areas have been increasingly relegated to low-income persons. These neighborhoods are often comprised of the city's original housing stock. The simple, strong structures are architecturally appealing. In addition, inner-city housing offers a proximity to city services and employment centers unrivaled by the suburbs or outer-fringe neighborhoods. With increasing competition for affordable housing, inner-city neighborhoods have become areas of active reinvestment. If a municipality has established an historic district within the inner-city, the risks and opportunities for reinvestment are substantially improved. Preservationists, of course, tend to applaud historic district designations as a foundation for preservation activity. Such designations, however, effect an immediate change in the value of properties within a district. The change in value creates a change in tax liabilities and, more importantly, establishes new regulations regarding the use and modification of such properties. Residents with fixed or low-incomes suffer the brunt of these new property costs and use regulations. In most cases, the costs are substantial enough to force a move from the area.

Renovated neighborhoods

LEGAL CONSIDERATIONS

Zoning is perhaps the most important tool of preservation. The power to zone derives from the state's police power to regulate private property for the benefit of the public health and safety. In the case of historic district zoning, however, this state power has ignored the interests and welfare of a community's least advantaged citizens. The disproportionate burden of this zoning practice, thereby, deserves review and reconsideration.

Akin to this argument is the New Jersey Supreme Court decision: *NAACP* v. *the Township of Mt. Laurel*, 336 A.2d 713 (N.J.), *cert. denied*, 423 U.S. 808 (1975). The case stands for the proposition that a community has the responsibility to meet its fair share of the regional needs for low and moderate income housing. The court held that a municipality may not, through its zoning regulations, make

it economically impossible for low income families to live in the municipality. Taking this one step further, if a municipality, through its zoning, *diminishes* its available low income housing stock to the point where it no longer meets its fair share, that zoning ordinance may arguably be struck down.

SPECIFIC MEANS OF MITIGATING HISTORIC PRESERVATION DISPLACEMENT

Historic preservation effects displacement through two ways: 1) increased rents for low-income tenants, and 2) increased property taxes for low-income homeowners. Consistent with the definition of displacement as the "involuntary departure from a home or place of business," the valuation issues associated with historic preservation investment demand consideration. Specifically, public policies and legislation must be reviewed and adjusted in order to ameliorate the destructive impact of this form of real estate development. In the following section, legal and financial tools are described in terms of their potential use in historic preservation investment. In some communities, these tools have been welcomed as important means of offsetting the costs and benefits of urban revitalization. They are viewed as equitable policies which both encourage new development and protect current residents. Their applicability to any single community will be a function of the political, economic and social conditions therein. With the tools provided below, it is hoped that administrators and planners will pursue their use in local historic preservation programs.

Property Tax Abatement

The property tax is a fundamental component of municipal finance. Any alteration of the tax rate or the tax base must be assessed in terms of its impact on local government revenues and tax expenditure policies. Tax abatement involves a reduction or deferral of property tax obligations on property owners. It is often granted to property owners and/or developers who provide amenities, new housing, new employment, etc., to a declining area of the city. The policy can also affect residents of gentrified areas who, through no action of their own, are forced from their neighborhoods to accommodate the reinvestment. The costs of a property tax abatement program, therefore, must be balanced with the expected benefits of the reinvestment. Most notably, the costs of an abatement program could effect a reduction in municipal revenues, and thereby, cause a reduction in social welfare programs which serve a less advantaged segment of the community.

public policy changes

Tax abatement is a form of tax expenditure: the municipality foregoes income in order to encourage policies which it deems essential to the public good. Economists argue that such policies are less efficient than direct property subsidies or low-income housing credits. The efficiency issue must be evaluated in terms of a particular city's short-term and future revenue needs.

At best, tax abatement is a reasonable short-term policy for historic preservation and redevelopment activity. It allows communities to spark the revitalization process. As a *long-term policy*, however, tax abatement is an inefficient and impractical means of mitigating the displacement effects of historic preservation. With this word of caution, the more useful tax abatement policies for short-term equity adjustment are presented hereafter.

Property Tax Freeze

This method involves "freezing" the property tax for a particular homeowner to an amount established for a "base year." Such a tax provision could be applied to particular households in neighborhoods undergoing revitalization. The "base year" for an historic district, for example, might be set at the year in which the neighborhood was designated. Adjustments for low-income residents would be made through the use of "circuit breakers." The principal "circuit breakers," special provisions for low-income taxpayers, are discussed below.

Property Tax Deferral

This method enables a taxpayer who meets eligiblity requirements to postpone property tax payments to some point in the future. A "deferral ordinance" is usually prepared to effect this sort of program. The municipality secures the tax obligation with a lien on the property. The lien may or may not include provisions for interest charges. Payment is typically made when the property is sold or the taxpayer dies.

North Carolina uses a variation of the tax deferral policy in historic preservation cases. A property designated as an historic site or structure by local ordinance will, upon application by the owner, be taxed at *half* the effective tax rate of comparable properties. The deferred taxes will create a lien on the property payable to the city when the property forfeits its historic designation (through neglect or substantial modification).

Another variation of the property tax deferral involves provisions for interest charges. Interest charges can offset some of the present value costs of a deferred tax payment. A tax deferral could also be coupled with a "minimum property tax" and thus

create a *partial deferral* for the municipality and the property owner. These two adjustments to a deferral plan could substantially improve the economic value of these policies for the municipality while, at the same time, protect low-income residents from oppressive tax obligations during their period of continued residency.

Circuit Breakers

A circuit breaker is a form of tax abatement based on the income constraints of redevelopment area households. The lower the income level, the greater the tax relief afforded by a circuit breaker allowance. Circuit breakers are usually coupled with other methods of property tax abatement. It is a means of adjusting the tax relief to the particular needs of redeveloping neighborhood households.

Renter's Credits

This method involves amendments to the state and/or federal tax codes which enable households to deduct a portion of their rent from their income tax. Under the current provisions of the Federal Internal Revenue Code, real property taxes are deductible for property *owners*. A renter's credit provides a means of offsetting the rent increase which is attributable to the increased property valuation. Traditional theories of tax incidence assign tax increases to the *users* of property rather than the owners. In this case, renters bear the incidence of the tax through increased rents. A credit program is a means of reducing the tax burden which low-income tenants incur from their rent.

Renters' credits provide direct relief to low-income households. The other methods of tax abatement, unless specifically tied to circuit breaker provisions or rent control legislation, merely create a mechanism whereby a landlord *could* pass along savings to the tenant. There is little assurance that such savings would be provided.

Condominium Conversion

Condominium conversion can cause displacement of low and moderate-income households. The effects and extent of the displacement can be mitigated, however, through the passage of a condominium conversion ordinance. By 1980, fifty-four localities had enacted condominium conversion ordinances. Such legislation generally provides purchase preferences, e.g., right of first refusal or percentage discounts on the purchase price to the tenants of the building. Sometimes, specific provisions are made to afford special protection to low-income elderly. In Washington, D.C., for example, rent controlled life-tenancies are provided for residents 62 years old or older with incomes of $30,000 or less. Other municipalities grant elderly residents the right to remain as renters for a specified period after the conversion. Some ordinances require a minimum of one to three years advance notice to tenants who may be subject to a conversion.

Antispeculation Ordinance

Ordinances can be written to make speculation unprofitable for investors who seek exorbitant profits at the expense of the current residents. For example, the Washington, D.C. code includes a tax on real estate transfers: a tax on the sale of real property which is assigned to the buyer. The rate varies

according to the length of the holding period and the amount of gain from sale. The tax on the gain ranges from 97% for properties held six months or less and earning 300%, to a low of zero percent for properties held for a minimum of seven months with a 15% gain. The shorter the holding period and the larger the gain, the greater the effective tax rate.

Rent Control

Rent control laws can provide a means of direct relief to low and moderate income households. The controls usually place a ceiling on rent levels and/or rent increases. Because rent controls often inspire condominium conversion, as property owners divest themselves of rental properties, many housing planners argue that rent controls should be tied to condominium conversion ordinances: this would insure the availablity of rental units during the rent control adjustment period.

mitigation options

Rehousing Banks

A rehousing bank buys houses to either manage or resell. Funds used to purchase houses in reinvestment areas and historic districts are usually raised

through the sale of municipal bonds. A city either manages these properties or sells them with restrictive covenants to guarantee their use as low-income housing.

Relocation Assessment

This proposal involves a special tax assessment assigned to individuals who purchase property in historic districts or in designated reinvestment areas. The monies collected under the program are deposited in a special "relocation fund" for use by displaced households. Under such a program, property owners can be exempted from the special tax on the condition that they provide low-income housing or that they are, themselves, low-income households.

Amend the Uniform Relocation Act

The Uniform Relocation Act currently provides relocation assistance in the form of cash payments to persons displaced as a result of the acquisition of property under federal and/or federally assisted programs. The Act could be expanded to include protection for residents who are displaced as a result of historic preservation activities in an historic district listed in the National Register of Historic Places.

Amend the Federal Tax Code

IRC 46 which allows for a tax credit for the rehabilitation of a certified historic structure could provide for an additional credit for rehabilitating historic structures for use as low-income housing. Given the recent "flat tax" proposals developed by the Reagan administration, however, an additional tax expenditure program for historic preservation activities or new low-income housing production is unlikely to receive favorable attention.

PRIVATE SECTOR PROGRAMS WHICH MINIMIZE DISPLACEMENT IMPACTS

The private sector has developed two programs to encourage inner-city reinvestment which attempt to minimize residential displacement. These programs include the Neighborhood Housing Services and the Inner-City Ventures Fund:

Neighborhood Housing Services (NHS)

NHS programs began in the early 1970s under the umbrella organization, Neighborhood Reinvestment Corporation. These programs operate as local, nonprofit corporations, which act as liaisons between community residents, lending institutions and local governments. In large part, they provide rehabilitation and financial counseling services. In addition, NHS corporations maintain revolving loan funds which provide low-interest rehabilitation loans to neighborhood residents unable to afford loans from commercial lenders. Currently, 140 NHS programs operate in 100 cities in the United States. Many of these organizations serve neighborhoods that are historic districts.

Inner-City Ventures Fund (ICVF)

The Inner-City Ventures Fund (ICVF) is a program of the National Trust for Historic Preservation. The program helps community organizations initiate neighborhood revitalization programs. It provides a mix of grants and low-interest loans to qualifying applicant community organizations. To be eligible for funding, the community organization's project must aid low and moderate income residents in areas where displacement is a threat. To date, the ICVF has allocated $885,000 to such projects. Their investment has been matched with approximately $18.5 million worth of additional development. The ICVF has contributed to the development of more than fifteen major projects in eleven states.

CONCLUSION

Inner-city revitalization and historic preservation cannot ignore social equity concerns. As described herein, a variety of tools and methods are available for mitigating the displacement effects of historic preservation reinvestment. It is the task of city planners and community activists to choose the most suitable and equitable course for revitalization in their communities. These choices most involve a careful assessment of the political, economic and social attributes and constraints of the community. Ideally, the process of preservation and redevelopment should offer opportunities for both investors and community residents. Planners and preservationists can assist this process by identifying, articulating and implementing programs and policies which explicity attend to the needs of low-income residents. Planners, furthermore, must attempt to involve low-income residents in the rehabilitation decision-making process. If historic preservation is to move beyond elite notions of architectural preservation, then planners and preservationists must work together to insure cultural preservation and cultural integration of our nation's urban neighborhoods. □

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According to Kaufman, the notion of preventing further growth in the countryside may be desirable, but it is unrealistic. In a free market system, we must assume that development will occur and channel our energies into managing it. In the past, planners have attempted to control growth with the use of traditional land use management tools, but their success has been minimal.

Kaufman attributed this failure to the incompatibility of current planning regulations with the free market system. If planners do not adopt new strategies which are in harmony with the free enterprise system, market forces will continue to overpower planners' tactics. As an alternative, Kaufman suggested that planners develop environmental tactics based on a system of "give and take" between local governments and private industry. The replacement of "stone-age" tools with market-oriented strategies would enable planners to achieve their "high-tech" ideas on growth management.

Adopting a radically different perspective from Kaufman's, Mary Joan Pugh, planning director for the City of High Point, reached a similar conclusion. She began her presentation by stating as her primary assumption that rural areas contain high quality natural areas that should be preserved as open space. She added, however, that not all rural areas are suitable for protection as environmentally significant areas. Scattered development in the countryside is not necessarily damaging to the environment. Development in rural areas simply needs to be soundly and innovatively managed.

Pugh's conclusion is similar to Kaufman's, but her proposals for achieving that end differ greatly. Pugh proposed extensive land use planning as the most effective means of managing growth and mitigating adverse environmental effects caused by urban-type development. In rebuttal to Kaufman's contention that planning is not an effective means of controlling growth, Pugh acknowledged the failure of traditional land use planning and management tools in controlling growth in North Carolina. Nonetheless, that does not preclude the future success that can be achieved with the use of new planning/management tools. Pugh recommended and described some innovative planning and management tools for developing a sound and enforceable land use plan; such as suitability studies for rural areas, rural historic preservation, agricultural zoning, and public acquisition for open spaces. Other land use controls mentioned by Pugh were preferential taxation for active farmers, flood plain zoning, clustered development, and carrying capacity studies.

With the aid of the above-mentioned tools, planners can devise and enforce land use management systems that can accommodate urban-type development in rural areas while still protecting environmentally sensitive areas and preserving rural land suitable for agricultural use.

Agricultural Debate

Anthony San Filippo of the American Farmland Trust defended the debate resolve stating, "our agriculture cannot stand any more urban-type development in the countryside." The first portion of San Filippo's argument was philosophically based. Operating within a democratic framework of government and an economic system inspired by the spirit of individualism, Americans have a right to work where they want, and this includes a right to farm. As sprawl continues and farm acreage is reduced, it will become increasingly difficult for farmers to exercise their American rights.

failing land use tools

In addition, San Filippo argued that the long run benefits to the community and the economy favor preservation of agricultural land and open space over rural industrial development. Besides the long-run inefficiencies associated with commercial development in the countryside, San Filippo also claimed that sprawl development is inequitable. Urban development in the countryside is a costly public venture, which is ultimately financed by farmers.

Opposing San Filippo was retired Wake County planning director John Scott. Scott's position was the following: Agricultural productivity increases have more than compensated for any decreases in agricultural acreage; therefore, there is no threat to our agricultural economy from urban-related development in rural areas. In addition, Scott claimed that North Carolina is in no danger of urbanizing most of its rural land in the near future. Currently, there are 26,480,700 acres of rural land in North Carolina, and 18,112,000 acres (68% of it) is suitable for agriculture.

a right to farm

Given those facts, Scott attributed the public fear surrounding urbanizing the courtryside to misperception rather than reality. The loss of farm acreage during the past decade has been moderate. In his conclusion Scott urged North Carolinians to reconcile their contradictory attitudes about growth. He said, "North Carolina cannot remain a rural state and, at the same time, take huge pride in growth and development. We can't have it both ways. We can't attract fast-growth industry and not expect to lose some farmland."

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an example

look good if it were red. So we sketched in red. We kept working around the room and the designs got better. When it finally ended, we took the finished products and the architect did the lettering. The signage made it look a lot better and that was vitally important to the merchants. We finished the last scheme and photographed it. Then we went back and did a second round where we started; shot theirs, faded out, faded in their new design and played with it again. As this continued, people began to say, "If you do that, I'll do this. It might look better together." We ended up getting four of five merchants to redo their facades when, originally, only one had been interested. They did it in a way that was harmonious.

This is the sort of thing I mean by "negotiation": an openness to be the technical expert who is *not* the technical expert; to recognize that you are bringing something to the table but so is everybody else. You have got to be open to that. Both bargain for what you think is right and recognize that other people are bringing a "right" to the table as well. There are some trade offs, but this is essentially a good example of what we are striving for. □

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Our review of the factors that both encourage and discourage manufactured housing suggests that it is not zoning per se that is to blame for current housing problems, but rather, the balance of the relationship between public policy and private input. Zoning should be a valuable and necessary fact of urban life. It is not a question of *fewer* regulations but of *more appropriate* regulations. Indeed, part of the solution may call for more regulations. Manufactured housing should be allowed in residential areas, but only with strict safety and design restrictions.

Regulations are needed that are based upon empirical reality rather than popular stereotypes. While community residents may be forgiven for their lack of understanding of the wide diversity that exists within housing types, public officials should be more aware of and sensitive to changes in the housing market. Regulations are needed that are responsive to the larger community and not to parochial interests.

Public officials should take the initiative in adopting a broader view of the meaning of "public interest" and "general welfare." As manufactured housing becomes more similar to conventional housing in appearance and durability, and as the desire and need for reasonably-priced housing escalates, public officials should relax the tight zoning regulations that have been administered in a blanket fashion. New zoning policies would allow the mobile home industry to better accommodate the demands of low-income households.

Overcoming the image problem remains the most difficult task in any solution. Ask yourself, "Would you allow a mobile home to locate next to your home?" The popular answer is "No." What images of mobile homes come to mind with that question? The popular response is a description of a stereotypical shoddy trailer.

We need to acknowledge that there are probably many site-built homes and residents that are more detrimental to our neighborhoods than the best of the manufactured homes and residents. Yet site-built home residents, unlike mobile home residents, are considered innocent until proven guilty. Restrictions based upon perceived averages of gross categories, rather than on the specification of undesirable qualities, may be easier to administer but are discriminatory and can only serve to limit our educations. With such large variations in manufactured housing today, blanket exclusions to all manufactured housing are anachronistic. Zoning regulations that exclude all types of mobile housing from a residential area because some mobile homes may be detrimental should be reevaluated. □

Book Reviews

Holdouts! — Alpern and Durst

Downtown Retail Development — Urban Land Institute
Conditions for Success and Project Profiles

Ted Olin Harrison is a Master's candidate in the Department of City and Regional Planning at the University of North Carolina at Chapel Hill.

Holdouts!

J. Thomas Black, Libby Howland and Stuart L. Rogel. The Urban Land Institute, Washington, D.C., 1983. 90 pp. $19.50.

In the heart of most American planners, there is a deep respect for the efforts of preservation activists. Planners are famous (and infamous) for their advocacy of "interesting" and "diverse" forms of urban development. Buildings of historic and/or architectural significance are guarded zealously. Functional, but perhaps unattractive, retail centers serving the commercial needs of low and moderate income residents often find protection in public planning. This alliance of planners and preservationists is poorly regarded by members of the development community, however. Developers challenge the "professional schizophrenia" of the planning profession; advocates of a "city beautiful" and a "diverse city" urban form effect contradictory planning decisions and confused planning policy. *Holdouts!*, by Andrew Alpern and Seymore Durst illustrates this policy contradiction in the context of New York City's redevelopment process. It is a graphic study of development compromises and real estate failure caused by the tenacious, stubborn and sometimes gallant preservation efforts of property owners and public planners.

Holdouts! is a survey of over fifty-seven cases in New York City where "frightened holdouts", "greedy holdouts", "professional holdouts" and "foolish holdouts" frustrated the planning and development efforts of the city's largest real estate concerns. Alpern and Durst have little affection for their antagonists. Holdouts are regarded as mischievous, exploitive property owners and leaseholders who thwart the city's revitalizations with "unreasonable demands" for compensation of their lost property. "Holdouts are the bane of any developer's existence," the authors argue, ". . .they also work to the detriment of the new building's occupants when they result in higher rents, and to the public when they do visual damage to the streetscape." Alpern and Durst hope to "encourage a public awareness of holdouts that will help prevent interference with the rejuvenation of New York, which is so essential to a healthy economy." This theme is prominent throughout the case descriptions.

an alliance of planners and preservationists

Despite the authors' more serious objectives, the audacity and vigor of many of the city's holdouts inspire admiration. The restaurant owners and residential tenants who prove unwilling to accommodate the developers' image of a beautiful city are often the "good guys" of these studies. "But, I've run this business for 47 years. . .the *best* years of my life! And now, here you come offering *money* in exchange for. . .for my *life!* Well. . ." *Holdouts!* is a book recounting the adventures of Davids and Goliaths; a daily adventure in modern America.

Holdouts! avoids any pretension of objectivity. The researchers are developers recounting the tales of a developer's files (The Durst Organization). Since most cases involve a substantial victory for the holdout, it is easy to ignore the cries of Alpern and Durst.

a critical note

As a formal analysis of real estate politics, *Holdouts!* offers little insight for professional planners. As an anecdotal, delightful and spirited accounting of inner city land battles, however, *Holdouts!* may well deserve a place in your coffee table library.

Downtown Retail Development Conditions for Success and Project Profiles

Andrew Alpern and Seymour Durst. McGraw-Hill Book Company, New York, 1984. 175 pp. $29.95.

American planners would be poorer students and practitioners of real estate development without the efforts and publications of the Urban Land Institute. Among their most recent efforts is *Downtown Retail Development; Conditions For Success and Project Profiles* by J. Thomas Black, Libby Howland and Stuart Rogel. In this concise, yet comprehensive survey of retail development trends, strategies, and opportunties, the authors detail specific tools and policies available to public and private developers concerned with the revitalization of the nation's central business districts.

Like many of the Institute's books, *Downtown Retail Development* serves as a handbook and a primer for the practice and pursuit of responsible development planning. The early chapters describe the history of retail development in American cities. The glorious rise and dramatic fall of central city retail activity is briefly chronicled. A variety of charts and tables document the demographic and economic behavior of the country's consumers. For most urban planning professionals, much of the book's historical analysis is painfully familiar. Most of the statistical data supporting the author's survey of retail trends derives from 1978 and 1980 Census information. Though already dated with the publication of the 1982 Census reports, the compilation of retail sales and retail development across regions, SMSA's, and within central business districts provides a useful starting point for local retail trend analysis.

retail strategies

The most valuable contribution of *Downtown Retail Development* for public planners and planning consultants is found in a section on retail revitalization strategies. The authors present an outline for retail market assessments and project planning objectives. Guidelines for retail development include:

guidelines for development

- Identify and play on a theme unique to downtown;
- If one or more department stores have weathered the postwar period of downtown retail decline, consider it (them) a possible centerpiece of the retail strategy;
- Recognize that new projects can drain sales from existing retail, and cope with this possibility in planning;
- Obey basic rules of retailing;
- Do not overlook opportunities for small-scale retail initiatives;
- Initiate retail projects at a scale large enough to make a difference, to make people sit up and take notice;
- Do not make retail redevelopment the first step in downtown renewal;
- Consider innovative management mechanisms as a tool for strengthening downtown retailing;
- Build an on-going, public-private coalition.

Each of these general recommendations is expounded upon and related to the twenty-five project profiles described in the book's latter half. The authors are quick to discount their development program as only an overview of the most general problems and challenges inherent to successful retail planning. In its ninety pages of text, however, even these simplistic guides are a vast improvement over the supply-side programs of red brick pedestrian malls or pseudo-space age retail transitways which remain abandoned and ignored by central city shoppers.

Downtown Retail Development is also valuable as a compendium of large scale retail development planning cases. The cases are divided into project types: Major Shopping Malls, Speciality/Festival Centers, and Mixed-Use Retailing Centers. Within each section, a sample of the most successful and/or ambitious projects is presented. The projects are described in terms of their size, design, tenant mix, geographic location, amenities, proximity to public services and supporting retail, cultural or recreational areas. The market conditions, development rationale, financing and development costs, and a summary of the project's performance illustrate the objectives and the experience of prominent downtown retail developers. The range of project types and the history of their development exemplifies the complexity of retail planning.

As a component of central city revitalization, retail development will continue to play an important role. The recommendations, cases, and references included in *Downtown Retail Development; Conditions for Success and Project Profiles* well inform planners and developers of the unique constraints and opportunities associated with downtown retail investment. The work is a primer; a starting point for further research and additional discussion. It is a small survey of prominent retail projects. These grand examples are beyond the scope of most public agencies capacity. Nonetheless, the lessons of successful development are lessons to be learned and properly applied. In its ability to better inform retail planning, *Downtown Retail Development* offers lessons which are well worth careful study.

Commentary

The Mosaic of Economic Development

Local Pieces of a National Whole

Emil Malizia

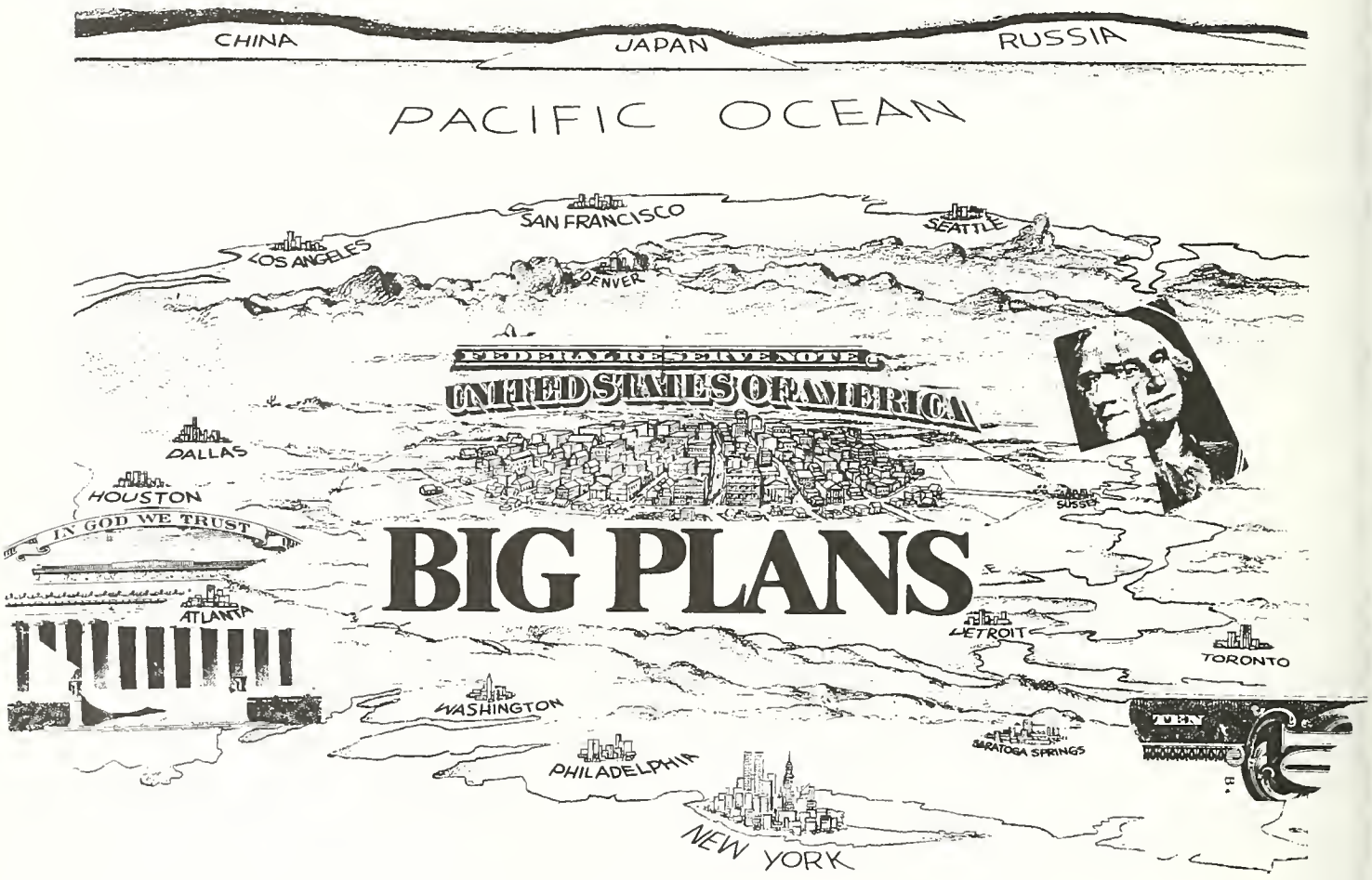
For many years, local economic development activities have been justified on grounds of job creation and tax revenue enhancement. Although increased employment and an improved tax base are reasonable goals, organizational and political conflicts can frustrate the success of a community-based economic development program. Local bankers, insurance and utility company executives, real estate brokers, developers and large landowners concerned with property values and stocks of local wealth support tax revenue objectives and real estate development efforts. Physical development strategies offer a high return for propertied interests of a community. Local labor, industrial and neighborhood groups, on the other hand, favor employment programs and business development. These strategies include business starts, expansion and acquisitions which have a significant impact on job creation and retention.

adopting a national economic perspective

Given limited public resources, conflicts may arise when choosing between real estate development and business development. Should the locality emphasize employment or tax base? This is a very sensitive question. It is an issue best resolved by non-mutually-exclusive economic development programs. Fortunately, time constitutes an effective arbiter of potentially competing policies. Public policies which favor job creation at their outset, for example, do not preclude real estate investments at a later date. A preferred program, of course, might involve a *mix* of job creation and physical development projects. This "balanced" approach would potentially serve the needs of a broader constituency without the disruptive effects of radical policy changes.

Conflicts between local economic development objectives may also be mitigated by extending community goals into a national economic perspective. In this context, local job creation and tax base enhancement objectives can be subordinated to national goals and, thus, made acceptable to the competing interests of a particular community. Innovation, new product development and productivity improvements are central concerns of a national economic development perspective. Most traditional economic development programs do not, however, regard these concerns as important. Many local efforts, such as branch-plant recruiting, only redistribute investment from one locality to another. No new jobs and no new forms of wealth are created for the nation as a whole.

From a national perspective, local economic development strategies may be only superficially productive. Many localities pursue policies that result in either export promotion or import substitution. Local export promotion and import substitution activities can only contribute to national economic growth when factor inputs are used more productively or if new products and processes are developed. When substitution and replacement occur, however, these activities result in gains and losses that are compensating among areas. Such constant-sum activities are counterproductive for the nation's development. It is an economic impossibility for all communities or areas to be simultaneously increasing exports and reducing imports. Export diversification is subject to the same criticism as export promotion and import substitution when it fails to introduce innovations. One area may be able to improve its balance of trade in the short run by producing a wider mix of products for export. Of course, if all communities pursued this strategy, export diversification would result in lower export prices and less favorable terms of long-term trade for *all* exporting areas.



Some local business development strategies are more consistent with the goal of improving national economic well-being than others. Programs which encourage entrepreneurship, new business formation and the expansion of existing industries are superior strategies because they tend to promote innovation, product development and productivity improvements. Retooling facilities and retraining workers to stablilize existing industries and the acquisition of viable economic entities abandoned by conglomerates or retiring founders are also sound policies for a national economic development program. Local strategies designed to avoid business contractions, plant closures or strategies which interfere with the diffusion of corporate facilities are usually inferior alternatives.

Local professionals and policy makers should study and revise local economic development strategies to better match their contributions to *both* an improved local and national economy. They should resist mercantile positions and zero-sum strategies even if they are politically popular. Local development professionals should encourage positive-sum efforts. In an economic system that is highly interdependent, parochial public aims and strategies will retard long-term local economic development.

a postive-sum portfolio

The pursuit of a positive-sum portfolio of local strategies is no more difficult than beggar-thy-neighbor strategies. The *impact* of positive-sum efforts on a wide range of economic activities, however, will be substantial for the growth of the community and the nation. As advocates of long-range planning, economic development planners should work to educate and initiate nationally responsible development policy.

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